

A new dimension in Likud-Labour rivalry Bulldozers and politics in the West Bank

By JOEL GREENBERG
Jerusalem Post Reporter

The army yesterday, on the orders of Defence Minister Yitzhak Rabin, turned back a bulldozer sent by Industry and Trade Minister Ariel Sharon to the planned site of the Avnei Hefetz settlement in the northern West Bank. The incident marked a new escalation in the confrontation between the Likud and Labour parties over construction of new settlements in the territories.

Defence sources said dispatch of the bulldozer was illegal. Sharon retorted that by his action Rabin was responsible for "a new dimension in the loss of central authority in Israel."

Military sources said the bulldozer, belonging to the Samaria Development Co., arrived at the settlement site, east of Tulkarm, at about 9:30 a.m. yesterday and was turned back at an IDF

roadblock. Soldiers told the bulldozer operator he lacked a permit to work at the site, and instructed him to return the vehicle to the main road and reboard the trailer which had brought the bulldozer.

Defence sources said that although Avnei Hefetz is one of six settlements whose establish-

ment, the sources said.

The sources asserted that the Trade Ministry is not a settling institution, and may build industrial parks in the territories as part of settlement plans, with Civil Administration approval. No such approval had been given for Avnei Hefetz, they said.

Sharon said that a survey of the area on Friday and dispatch of the bulldozer were preliminary acts of "exercising ownership of land which is clearly Jewish." He said the action did not require a settlement plan, and was unconnected to actual construction of the settlement. Sources in Sharon's office said the Civil Administration had been notified of the actions last week, but an administration spokeswoman said the moves "came as a surprise." She said it was strange that a bulldozer

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Analysis, page 2

Cabinet moves to halt road carnage

By BERNARD JOSEPHS
Jerusalem Post Reporter

The government yesterday ordered action within a month to halt the rising death toll on the roads.

Ministers issued their instructions after hearing grim statistics showing that in the present month alone 35 people have been killed - 19 of them in the past week.

"We shall have 600 dead by the end of this year unless we take action now," Transport Minister Haim Corfu told his cabinet colleagues.

A special ministerial committee on road safety has been given 30 days to present a comprehensive programme aimed at halting the carnage. It will cover road-improvement, tougher laws, increased police surveillance of drivers and a massive education campaign.

Sources in the Prime Minister's Office said that Premier Shamir has been shaken by the sudden increase in casualties and cabinet secretary Elyakim Rubinstein will put pressure on the committee to keep to its deadline.

At the cabinet meeting Judge Dov Levin, head of the National Council for Road Accident Prevention, said that last year 415 people were killed and 21,000 people injured, 3,330 of them seriously. The indications were that figures for the current year would be worse.

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Likud pledges to step up settlement Tehiya drops early election call

By MENACHEM SHALEV
Post Political Reporter

The Tehiya Party backed down last night from its threat to support early elections after Likud leaders secured pledges from the Likud for a substantial expansion in West Bank settlements.

The Tehiya decision dashes Labour Party hopes for garnering a Knesset majority in support of early elections this week. The Citizens Rights Movement and Mapam announced last night that they are withdrawing their plans to submit draft proposals for early elections.

Labour Party secretary-general Uzi Baram told CRM leaders that there was still a chance that Agudat Yisrael would support early elections and asked them to delay a final decision about the submission of their bill. If the Aguda does join Labour, a bill for early elections might enjoy the support of 61 MKs, including Meir Kahane and the Progressive List for Peace, whose stand is uncertain. Tehiya chairman Yuval Ne'eman told his party's central committee, which convened in Jerusalem last night, that Prime Minister Shamir had promised that "thousands" of new housing starts would be carried out in the West Bank in the next 18 months. Ne'eman said that he understood Shamir's commitment as promising 3,000 new housing starts in 1987 and a further 3,000 in 1988. He termed the Likud's pledges as "massive."

The Likud also accepted a plan formulated jointly by Tehiya and the Council of Settlements of Judea and Samaria for construction of new roads on the West Bank, Ne'eman said. The Likud undertook to speed up the construction of Avnei Hefetz



Tehiya leaders Yuval Ne'eman and Geula Cohen confer. (Isaac Harari)

and Hadar Beit, two of the six settlements whose establishment is provided for in the government's guidelines.

Ne'eman said that the pledges meant that 100,000 Jewish inhabitants would be living in the West Bank by the time elections came around in November next year.

Kiryat Arba attorney Eliakim Haetzni said that he had received assurances from Ne'eman that Shamir had promised that if Labour attempts to undermine the West Bank plan "there will be no more

government."

Tehiya leaders met for two hours with Finance Minister Moshe Nissim yesterday. Sources close to Shamir said that the total government outlay as a result of promises made to Tehiya would be NIS 30 million.

Sources in the Knesset Finance Committee and the Housing Ministry appeared perplexed by Ne'eman's assertions last night. They said that 4,000 housing starts are already "in the works" for the West Bank and that four years usually elapse

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Egyptian FM here today

Shamir and Peres to tackle Meguid on international parley

Jerusalem Post Staff

Egypt's Foreign Minister Esmat Abdel Meguid arrives here today to face a Prime Minister Shamir determined to confront him with alternative proposals to the controversial international Middle East peace conference. Foreign Minister Peres, on the other hand, will focus his efforts on promoting the conference idea.

This is the first visit to Israel by an Egyptian foreign minister in six years.

At their meeting today, Shamir is expected to seek Egypt's approval for a "mini-conference," with the participation of Israel, Jordan, Egypt and the U.S., as an alternative to a full-fledged international conference. Such a "mini-conference" would also entail direct Israel-Jordanian talks and could get the approval of the Israeli cabinet, in Shamir's view. Another alternative likely to be suggested by the prime minister is the resumption of the autonomy talks foreseen in the 1978 Camp David accords, which were suspended five years ago.



Esmat Abdel Meguid

At his meeting with Peres the Egyptian foreign minister is expected to report details of his recent meeting with King Hussein of Jordan, whose attitude towards the nature of future peace talks is crucial.

The premier is also expected to raise the question of Egypt's invita-

tion to Austrian President Kurt Waldheim.

Meguid will be greeted by Peres at Ben Gurion airport and will drive directly to Jerusalem for a meeting with President Herzog. Later he will confer separately with Shamir, Peres and members of the Knesset's Foreign Affairs and Defence Committee.

Following a reception hosted by Peres at the King David Hotel this evening, the Egyptian foreign minister will leave the capital for Herzliya, where he will stay during his three-day visit. This is in keeping with Egyptian policy, which bars government officials from staying overnight in Jerusalem even if official talks are conducted in the city.

Officials in Jerusalem said yesterday that Meguid will be accompanied by energy, agriculture and computer experts. Meguid's delegation will also include Nabil al-Arabi, Egypt's top negotiator on the Taba territorial dispute.

One of the bilateral topics to be discussed during the visit will be a proposal for cooperation in the field of solar energy based on technology developed by the Jerusalem-based Luz company.

New entry procedures for suspect Americans

Jerusalem Post Reporter

More than 2,000 U.S. citizens of Palestinian descent, who arrived in Israel as tourists, have remained in the country after their visas have expired and are here illegally. This was learned at a meeting held yesterday at the Foreign Ministry following the U.S. demarche on the treatment of black and Arab Americans on their arrival in Israel.

There will be no change in the policy regarding individuals suspected of trying to enter Israel "under false pretences" and the government will still take measures to ensure that tourists leave the country after their visas expire, officials said. But there will be some changes in the procedures at Ben Gurion airport.

The meeting was called by Foreign Ministry Political Director-General Yossi Beilin, and was attended by

representatives of various government ministries.

Points in the new procedures:

- Every American citizen questioned at the airport will be allowed to call the U.S. Embassy, a lawyer or relatives.

- Higher level officials will be assigned to question the "problematic cases" at the airport.

- Officials from the Tourism and Foreign Ministries will be on duty, day and night, to assist in cases of U.S. Citizens questioned at the airport.

- The U.S. Embassy in Tel Aviv will be asked to appoint a diplomat as liaison officer to deal with disputed cases of American citizens arriving in Israel.

- The U.S. embassy will be asked to participate in a joint American-

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Lisbon premier may win majority

LISBON, Portugal (AP). - Early projections in yesterday's parliamentary elections indicated that Prime Minister Anibal Cavaco Silva's Social Democrats might get enough votes to form the country's first majority government in 11 years.

State-owned RDP Radio forecast that the 48-year-old economist's party would get 40 to 45 per cent of the vote. The projection came just after the polls closed at 7 p.m. in continental Portugal. The polls were to close an hour later in the mid-Atlantic Islands of Madeira and the Azores Archipelago.

State Television (RTP) put the abstention rate at 27.5 to 29.5 per cent, the highest since the Portuguese returned to the polls in general elections in 1976, two years after the overthrow of the Salazar dictatorship.

U.S. lawyer says 'no' to Demjanjuk

By ERNIE MEYER
Jerusalem Post Reporter

The Washington lawyer asked by accused war criminal John Demjanjuk to replace Mark O'Connor at the head of his defence team has declined to take the job, *The Jerusalem Post* has learned.

The lawyer, John Broadley, who is handling a civil case in the U.S. related to the present case, made his acceptance conditional on the permission of his law partners.

This, *The Post* has learned, has not been forthcoming. Demjanjuk's son-in-law, Edward Nishnic, who heads the Demjanjuk Defence Fund, is reportedly looking for another lawyer in place of Broadley.

Demjanjuk will have to tell the court today if he still intends to dismiss O'Connor - a decision that will be greatly complicated by Broadley's inability to defend him. The court gave Demjanjuk an extra five days to make up his mind last Wednesday, when it was made clear to him that the defence would not be given any extra time to familiarize a new lawyer with the case.

Today's special session of the court begins at 11:30.

France, Iran 'talking' on diplomat exchange

NICOSIA, Cyprus (AP). - Iran yesterday disclosed it was negotiating to exchange diplomats with France, as police still surrounded the two nations' embassies in Teheran and Paris.

It was not clear if Iran was backing down on its threat to put French diplomats on trial, and there was no sign that France was dropping its demand to question an Iranian embassy employee in connection with terrorist bombings.

Iranian Prime Minister Hussein Musavi said the two nations were "involved in negotiations; through conventional and diplomatic channels, about exchanging the diplomats in question."

"The French showed at the outset that they have arrogant characteristics in blocking a number of diplomats at their frontiers," Musavi told Teheran radio, monitored in Nicosia, "and our embassy was cordoned off in a very fierce and brutal manner."

Musavi said Pakistan would represent Iran's interests in France. The French have already announced that Italy will take care of their interests in Iran.

A spokesman at the Foreign

Ministry in Paris had no comment on Musavi's statement, but he confirmed that discussions between the two nations were under way, with France proposing that all diplomats and staff return home by Wednesday.

The spokesman, speaking on condition of anonymity, said French Charge d'Affaires Pierre LaFrance had gone to the Iranian Foreign Ministry Saturday to discuss the matter.

France broke relations with Iran on Friday, following Teheran's repeated refusal to let Embassy interpreter Wahid Ghorji be questioned by a French judge investigating bomb attacks in Paris last year that killed 11 people and wounded more than 150 others.

About 100 French police officers, some with rifles and bulletproof vests, continued to surround the Iranian embassy as a light rain fell Sunday afternoon in the French capital.

The Iranian Charge d'Affaires, Gholam Reza Haddadi, visited the Quai d'Orsay Friday night, later returning to the embassy to rejoin about 45 Iranian diplomats or staff who have been in the building for days.

Friday strike threat

By ASHER WALLFISH
and JEFF BLACK

Trade union leaders yesterday proposed paralyzing the country's public sector once again this Friday in protest at what they consider are delaying tactics by the cabinet on the Histadrut's demand for a five-day working week. The issue was discussed by the cabinet a week ago, again yesterday, and will be considered further by ministers next Sunday.

The administrative workers' union secretary-general, Moshe Bet-Dagan, said yesterday that he would propose the strike action at today's meeting of the trade unions' campaign headquarters "so that the cabinet won't forget what it has to discuss next Sunday."

Eight days ago the trade unions held a 24-hour general strike in the public sector because of the impasse in wage negotiations with the Treasury.

Meir Gatt, the campaign headquarters chairman, said he did not think that a one-day strike would be the appropriate reaction to yesterday's cabinet meeting, implying that

(Continued on Page 2, Col. 2)

U.S. fleet braces for 'hits' from Iranian speedboats

WASHINGTON (AP). - The U.S. has to be ready to "take a hit" from Iranian speedboats when its navy begins escorting reflagged Kuwaiti tankers in the Gulf, according to experts here.

But they say President Reagan's administration and Congress would be committing a blunder if they allowed such a predictable attack to reverse U.S. policy and drive U.S. warships from the Gulf.

Two Kuwaiti-owned tankers are due to raise the American flag this week and begin their journey up the Gulf, guarded by U.S. warships against the threat of Iranian attack. Kuwait now finds itself drawn towards centre stage in the Iran-Iraq war.

Iranian ship attacks are threatening Kuwait's oil export lifeline. And sabotage inside Kuwait itself is

straining a national unity forged by decades of fabulous wealth.

"Iran's capability is largely to harass and embarrass, not to halt the flow of oil through the Gulf, unless we decide to withdraw," said Anthony Cordesman, a defence specialist in Washington.

The danger, said Jim Placke, a former U.S. diplomat with wide Middle East expertise, is that further American casualties "could cause the U.S. to cut and run."

"If the U.S. pulls out of the Gulf, it would be the greatest Iranian victory of the revolution and could lead to Iranian supremacy in the Gulf over Kuwait and Iraq" and other Arab states, said Thomas McNaughton of the Brookings Institution.

"You have to be prepared to take a hit in the region," he added.

Soviet and British warships are already protecting their own nations' tankers hauling oil to and from Kuwait ports at the northern end of the Gulf.

The chairman of the Kuwait Oil Tanker Co., Abdel Fatah al-Badr, noted last week that Kuwait and its neighbours hold 60 per cent of the world's known oil reserves.

"I don't think that the Americans and Russians would like to see that under the control of (Iranian leader) Khomeini," he said.

The Kremlin has taken no action beyond chastising Teheran for two attacks on Soviet vessels in the last few months.

The speaker of the Iranian parliament, Hashemi Rafsanjani, has promised to try to further embarrass Reagan, already reeling from Iran-Contra disclosures. When U.S.

warships enter the Gulf, Rafsanjani said, "we will point part of our artillery at the Yankees and take American captives with their hands on their heads with humiliation."

U.S. Defence Secretary Caspar Weinberger, in a report to Congress on security in the Gulf, said the greatest risks come "from unconventional threats, such as Iranian terrorism or sabotage."

Iran's air force and navy have fallen into bad repair since Khomeini toppled the shah in 1979. The most likely threat to U.S. forces are from the numerous small boats which zealous revolutionary guards have been using against tankers in the Gulf war, according to Pentagon analysts.

Expressing a widely-held view

(Continued on Page 3)

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	14.7.87	MIN.	MAX.	Cloud
AMSTERDAM	12	24	28	Cloudy
BIRMINGHAM	13	25	29	Cloudy
BIRMINGHAM	13	25	29	Cloudy
CHICAGO	10	23	27	Cloudy
COPENHAGEN	17	23	27	Cloudy
FRANKFURT	12	24	28	Cloudy
GENEVA	13	25	29	Cloudy
HAMBURG	13	25	29	Cloudy
HONG KONG	24	29	31	Cloudy
JERUSALEM	24	29	31	Cloudy
LONDON	13	25	29	Cloudy
MADRID	13	25	29	Cloudy
MONTREAL	14	25	29	Cloudy
NEW YORK	19	27	31	Cloudy
OSLO	14	25	29	Cloudy
PARIS	14	25	29	Cloudy
ROME	14	25	29	Cloudy
SAPPALE	14	25	29	Cloudy
STOCKHOLM	14	25	29	Cloudy
TORONTO	14	25	29	Cloudy
VIENNA	14	25	29	Cloudy
ZURICH	14	25	29	Cloudy

*For the latest weather conditions contact Swissair.

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THE WEATHER

Forecast: The heat will continue.

	Yesterday's	Yesterday's	Today's
	Humidity	Min-Max	Min-Max
Jerusalem	28	23-30	31
Golan	30	17-24	35
Nahariya	—	—	30
Safed	—	—	30
Halla Port	—	—	29
Tiberias	35	21-37	38
Nazareth	31	—	33
Afula	45	23-34	35
Samaria	35	21-32	33
Tel Aviv	20	22-30	30
B-G Airport	45	18-32	33
Jericho	26	23-40	41
Gaza	72	21-30	30
Beersheba	19	20-36	37
Eilat	9	29-42	43

Radio, TV out on strike tomorrow

Jerusalem Post Staff
Radio and TV reporters will strike for 24 hours on Tuesday to demand the same wage agreement as that signed with journalists on several daily papers, the National Journalists' Association decided last night.

Israel Radio said that it was a warning strike which might be followed by further action.

Earlier yesterday, the management of the Hebrew daily, *Davar*, signed an agreement for two years, thus ending the strike that had paralyzed the paper since last Thursday.

The agreement was identical to that signed earlier between several papers including *The Jerusalem Post*, and the National Journalists' Association, said Yona Shimshi, secretary of the association.

On the other hand, the journalists at the *Idit* news agency, which relays local news to the Israeli media, and the Hebrew daily, *Ha'aretz*, are still on strike.

No change in IDF deployment in Lebanon

Israel plans no changes in the deployment of IDF forces in South Lebanon, Foreign Minister Shimon Peres told assistant UN Secretary-General Marc Goulding yesterday.

Goulding, who is visiting the area to discuss the continued presence of UN peace-keeping troops in South Lebanon, expressed the hope that Israel would withdraw some of its forces from that area if things became more quiet in the future. A move of this kind by Israel would enable UN forces to redeploy in areas near the border.

Israeli sources said that Peres told Goulding the current situation in South Lebanon did not justify such hopes.

STRIKE

(Continued from Page One)
Israel committee to discuss the problem.

- The physical facilities where U.S. citizens are questioned will be improved.

Bradley Burston adds from Dimona:

As early as a year ago, U.S. Ambassador Thomas Pickering and Black Hebrew founder Ben Ami Carter approached Interior Ministry officials with a proposal aimed at easing restrictions on black American tourists entering Israel, but ministry officials refused to consider the proposal. Carter told *The Jerusalem Post* yesterday.

According to Carter, the sect offered written and other guarantees that no Black Hebrews would attempt to enter Israel except through mutually agreed legal channels, but ministry personnel declined even to read the proposed text.

HOME AND FOREIGN NEWS

By ASHER WALLFISH
Jerusalem Post Reporter

A majority seems to be shaping up in the cabinet to prune the Arab-owned Jerusalem District Electricity Company (JDEC) drastically down to size for technological and economic reasons, but not to liquidate it because of political considerations.

This picture emerged in the cabinet yesterday after Energy Minister Moshe Shahal brought up proposed legislation under which the JDEC would supply current to neighbourhoods with an Arab majority, while neighbourhoods with a Jewish majority would get current from the Israel Electric Corporation (IEC).

At present Jewish neighbourhoods supplied by the JDEC complain constantly of breakdowns and bureaucratic insensitivity. The JDEC generates only 3 per cent of the current it supplies, and it has piled up NIS 33m. in debts, which the government of Jordan refuses to help cover.

Shahal's proposal has already received a green light from the inner cabinet. But Science and Development Minister Gideon Patt has appealed against the inner cabinet's approval of the changes. He enjoys the backing of important Likud figures like Industry and Trade Minister Ariel Sharon and Ministers-without-Portfolio Moshe Arens and Yitzhak Moda'i, who are critical of political implications. However, Housing Minister David Levy favours letting the JDEC enjoy a circumscribed existence, as Shahal has suggested, and Finance Minister Moshe Nissim appears to side with Levy and not with Patt, his Liberal colleague.

The Alignment ministers appear to be solidly behind Shahal's proposals.

The 50-year concession enjoyed by the JDEC comes

Cabinet shaping to prune Arab electricity co.

Jewish areas would get Israeli electricity

to an end this winter and from the legal standpoint it could be terminated and not renewed in any form.

However, Washington has made it clear to Jerusalem that it is against a unilateral Israeli refusal to renew the concession in any form whatsoever. If Israel takes such action the U.S. would not support it against attack in international forums. Washington says it will support any compromise reached between the government and the JDEC.

Because of the wish among a majority of ministers to maintain a low profile over the JDEC concession, there is no intention of letting it go into receivership, although its huge debts could easily bring that about.

Instead, Shahal suggests that the Israel Electric Corporation buy up JDEC plant and distribution networks to cover part of the debt, and guarantee loans on very easy terms to pay off JDEC staff who are made redundant when its distribution areas shrink. In return for being bailed out financially, the JDEC would be expected to accept a short-term concession to supply only Arab neighbourhoods, which is tantamount to a

greatly reduced operation.

Levy said the fact that Shahal's scheme would give a shrunken JDEC a new lease of life was no offence to Israeli sovereignty over Jerusalem, since it would be a compromise reached under Israeli law asserting Israel's superior authority through its Knesset. There could be no objections to an Arab entity continuing to function under Israeli supervision, Levy said.

Patt said that, technically, Shahal's proposal was ludicrous while politically it was a way of recognising partial Arab sovereignty over Arab areas of Jerusalem and the West Bank.

Moda'i said that when he was energy minister and later finance minister, he and his aides took it for granted that when the present concession came to an end, it would not be renewed in any form.

Moda'i attacked Foreign Minister Shimon Peres for pandering to American wishes and for "ogling" Jordan over the JDEC issue. He accused Peres's staff of misrepresenting the legal as well as the political realities in their contacts with Washington.

Arens said the JDEC had no *raison d'être*, on technical, economic or political grounds.

Sharon accused the national leadership of tolerating vestigial Arab sovereignty which should have been swept away long ago, and of not blocking Arab economic expansionism. He said the bid by Arab entrepreneurs from Gaza to buy up the bankrupt Hamegader wire fencing plant in Kiryat Gat was also an alarm signal.

The extension of the JDEC concession in any form was a politically meaningful signal to the Arabs in general and to Jordan in particular, Sharon said. Economically, he admitted, the JDEC was lightweight.

Jerusalem must remain unified, one capital city, Sharon said. That principle must be applied in its political, economic and security aspects. The plan to let the JDEC survive in any form would be an historic error indicating a lack of resolve on the part of the national leadership to make sure that Jerusalem in its entirety would be solely Israeli.

Sharon said: "Of late we have been witness to a general decline, and a weakening of leadership in security, political and economic spheres, all along the line."

Defence Minister Yitzhak Rabin: "Your comments lack foundation."

Nissim said the negotiations with the JDEC would have to be completed before the proposed legislation went through the Knesset or the legislation would be an empty shell.

Transport Minister Haim Corfu said it might be best for the JDEC, in its limited concession, to be allowed to distribute current but not to continue generating it. That alone would cut its future debts, Corfu said.

Agudat Yisrael appeal rejected

Jerusalem stadium now awaits Shamir's blessing

By ANDY COURT

The plan for a soccer stadium in Jerusalem's Manahat neighbourhood passed its final legal hurdle yesterday and now requires only the signature of Prime Minister Yitzhak Shamir who is acting interior minister.

The appeals sub-committee of the National Planning Council yesterday rejected an appeal by Rabbi Shlomo Zalman Sonnenfeld of Agudat Yisrael, to withdraw the approval granted by the District Planning Commission in April.

The complaints of Beit Vegan's religious residents that the traffic to and from the stadium will disrupt the peace of their Sabbath were unfounded, the sub-committee decided. "Practically all of Beit Vegan is closed for Shabbat, and on the one street where it is possible to enter, a policeman will be posted to keep the

traffic out," sub-committee chairman Haim Klugman said.

Municipal spokesman Rafi Davara said that city officials hope Shamir will sign the plan swiftly so that fundraising for the project can begin.

The question now is whether Shamir will sign. On the one hand, he has to consider the Betar Jerusalem fans who crave a new stadium. On the other, the ultra-religious Shas party, whose support Shamir needs to maintain his coalition, is expected to exert pressure for rejection of the plan.

City officials say that by signing the stadium's construction plans Shamir would be following through on the promise made by Menachem Begin in 1979. At the time he asked the city to stop building a stadium near Shuafat and construct it elsewhere in the city.

The busy bulldozer

Over the last 10 years Ariel Sharon has been compared to a busy bulldozer, pushing for the building of more and more settlements in the occupied territories. Yesterday, Sharon decided to use a bulldozer in an attempt not only to push the government into starting the building of Aneel Hefetz near Tulkarm, but for his own purposes within his own party and against his Labour rivals.

For what is the cost of a couple of days' work of one bulldozer compared to the repercussions such an act could have on the Israeli public and on Sharon's rivals both inside and outside his party?

Such an act would show that: First, Sharon, even while bearing the title of the Industry and Trade minister, is the real pusher — the one and only in his party — for more

settlements; secondly, that David Levy, the minister responsible for the building of settlements, wavers and waits for a formal government decision.

Thirdly, Sharon would be showing his party followers that he — and not Prime Minister Shamir — is the true defender of the idea of more settlements and Greater Israel.

Finally, Sharon wanted to show his Labour opponents that the Likud hands are not tied and that half the government can force itself upon the other half.

But Sharon's former friend, Minister of Defence Yitzhak Rabin, has ordered the bulldozers to stop work in Aneel Hefetz, and by this act has made Sharon a victim and a hero at the same time in the eyes of many Likud and Tehiya followers.

Sharon's colleagues in the government and the Likud party will now be obliged to defend him or be seen as traitors to the cause of Greater Israel.

And, as in the case of previous events sparked by Ariel Sharon, he could now enjoy the best of two worlds: attacking his rivals inside the party indirectly while forcing them to defend him. And at the same time he will seek to push Labour to the corner by showing them as "the enemies of the settlements".

One should recall Sharon's "lower settlements" in the dunes of El Arish while all the parties concerned were negotiating. Now he is using the same tactics, hoping to get better results than he achieved 10 years ago.

Soviet Jews arrive

Jerusalem Post Reporter
Forty-two Russian immigrants arrived last night on a flight from Vienna. It was the largest group of Russian Jews to arrive in Israel in one day in at least five years, according to Israel Public Council for Soviet Jewry executive-director Chaim Chessler.

The immigrants arrived last night on a flight from Vienna. It was the largest group of Russian Jews to arrive in Israel in one day in at least five years, according to Israel Public Council for Soviet Jewry executive-director Chaim Chessler.

Police move in on diamond thieves

By JONATHAN KARP
For The Jerusalem Post

TEL AVIV. — The police have uncovered a gang they believe stole \$340,000 worth of diamonds from local workshops over the past two-and-a-half years, it was announced yesterday.

Five suspects are to be brought before the Tel Aviv Magistrates' Court today. The police will ask the court to extend the remand of three of the suspects, the Cohen brothers who were arrested in June: Ya'acov, 32, of Kfar Shalem; Roni, 28, of Holon; and Moshe, 25, of the Ezra neighbourhood in south Tel Aviv.

The remaining two suspects, Aharon Baruch, 39, and Ezra Mizrahi, 35, were in police custody at the time of the Cohens' arrest. Baruch is serving a three-year sentence in the Ramle prison for selling hand grenades to a West Bank Arab, and Mizrahi has been detained until the end of his trial on charges of black-

mail.

The police spokeswoman added that two other people, who she did not name, had already been released. One of them, who cooperated in the police investigation, is a member of the diamond exchange and is to be charged separately for possession of \$20,000 worth of stolen diamonds.

According to the police, the Cohens would apply separately for jobs in diamond workshops, learn the office routine and security system, resign after a short time and then rob them within a few weeks.

The first robbery took place on November 15, 1984, when two masked and armed men handcuffed two employees of a workshop on Rehov Hamiktza, opened the safe and made off with \$190,000 worth of diamonds.

On the evening of May 15, 1986, two men accosted the employees of a Rehov Neve Sha'anani workshop.

After forcing them to open the safe and putting plastic handcuffs on them, the assailants escaped with \$150,000 worth of diamonds. On their way out, they tied a hand grenade to the door, preventing any chase, the police said.

The third attempt, last January 21, failed when a worker in a Jaffa workshop said he did not have the key to the safe. He told the men that the manager was out in the parking lot. After the men had gone outside in search of him, the worker and the manager, who had been hiding on the second floor, locked the metal door behind them.

After compiling evidence, police in late June raided an apartment in Tel Aviv's Ezra neighbourhood, and arrested the three Cohen brothers. They reportedly found two diamond cutting tables, Uzi submachine guns, pistols, ammunition, a silencer and two sticks of dynamite in the apartment.

Stranded Israelis let into India

By ORI LEWIS

A group of nineteen Israeli tourists stranded at New Delhi international airport over the weekend have finally been allowed to enter India.

Since landing at the airport late on Thursday night, the group were stranded in the transit lounge, not knowing what was to happen to them. The Indian authorities finally relented late on Saturday afternoon after receiving assurances that the tourists would be leaving India when their visas expire, on September 15.

A representative of the Tel Aviv travel agency which organized the tour told *The Jerusalem Post* yesterday that all the 19 Israelis had begun a month-long tour after he had promised to put up a \$715 bond for each of them that they would leave India on schedule.

The tourists had all bought one-way flight tickets to India, hoping to pick up a cheap return flight to Athens in India. It is probably for this reason that they are now in India. Alitalia, the airline on which they flew to Delhi, refused to take them back because they had only one-way tickets.

The Indian authorities have created difficulties for Israeli citizens wishing to visit the sub-continent on the grounds that there is a security risk in their presence until July 31, a few days after this weekend's Davis Cup tennis tie between Israel and India.



Two of the five suspects charged with the Jerusalem Bank Hapoalim safe deposit box heist — alleged gang-leader Yitzhak Drory, second from left and Shimon Cohen, right, in court in Jerusalem yesterday. (Dan Landau)

Suspected safe robbers brought before the judge

By ANDY COURT

For The Jerusalem Post
A Jerusalem Magistrates' Court judge yesterday extended the remand of five men arrested Friday on charges of robbing the safe deposit boxes of a Bank Hapoalim branch in downtown Jerusalem two and a half years ago.

In a packed courtroom, the suspects' families listened as Judge Aharon Simcha, president of the court, ruled that the five should remain in custody for another 13 days in order to give police more time to investigate the case and prepare the charge sheet against them.

The suspects were detained a month after the break-in, but were released after police reportedly failed to obtain any incriminating information, during interrogations.

The five were re-arrested at the weekend after police received new evidence, reportedly through one of the suspects' accomplices, who be-

With deep sorrow we announce the passing of the artist

RENZO AVIGDOR LUISADA

The funeral will leave at 11 a.m. tomorrow, Tuesday, July 21, 1987 from the Municipal Funeral Parlour, 5 Daffa St., Tel Aviv, for the Holon cemetery.

The Family

On the 30th day after the passing of our dear

HENRI KLEIN

a memorial meeting and tombstone unveiling ceremony will take place today, Monday, July 20, 1987, at 6:00 p.m., at Kfar Samir Cemetery, Haifa. Taxis will leave at 5:45 p.m. from Dr. Klein's home, 49 Shoshanat Hacamel St., Haifa.

Mourning by:
His brother, Dr. Jizchak Klein, Haifa
His sister-in-law, Elise Klein, and family, Holland — Sweden
His niece, Selma Hoffman-Klein, Switzerland
His niece, Lilly Arenberg-Klein and family, U.S.A.
Sperling Families in Israel and abroad

With deep sorrow we announce the passing of our dear

FELIX MENACHEM ELLERN

The funeral took place in New York on Friday, July 17, 1987.

The Bereaved:
Wife and daughters: Dorothea, Carla, Lisa
Father: Hermann Ellern and Eva
Brother: Yehoshua Ellern and family
Sister: Miriam Gross and family
and Ellern, Gross, Many, Chaimovsk, Shachar families



The Department of Computer Science share the grief of Prof. JOHANN A. (JANOS) MAKOWSKY on the untimely death of his

Mother

Members and Staff of the Department

IDF reviewing service rules in West Bank

For Defence Reporter
The IDF is reconsidering its guidelines for soldiers serving in the West Bank and is revising its training manual, following an order by OC Central Command, Aluf Amram Mitzna.

Troops serving in the territories are given guidelines on the problems of serving among a hostile population — both Arab and Jewish.

MOSES SAMPSON on his retirement

From his Wife, Children and Grandchildren

Thatcher spurred by talks with Reagan Premier to step up effort for pact on Mid-East, arms

LONDON — Prime Minister Margaret Thatcher said yesterday that talks with U.S. President Ronald Reagan in Washington on Friday had spurred her to step up efforts for progress on arms control and Middle East peace.

Thatcher, who returned here yesterday after a 24-hour stopover in Jamaica, said she thought the Soviet Union was not "dragging its feet" on arms control negotiations. She intended to send a message immediately to Soviet leader Mikhail Gorbachev so that arms control details could be ironed out and perhaps finalized "by the end of the year."

Thatcher, who spent almost 10 hours with Gorbachev in Moscow earlier this year, said the Americans had frequently asked her if she thought the Soviet Union was dragging its feet on arms control negotiations.

The premier said she believed Gorbachev did want to reach an arms control agreement, which she said would be possible "if both sides really want it."

With only 18 months left before the U.S. presidential elections, she

felt very strongly that efforts should be stepped up to organize an international conference on peace in the Middle East.

"Unless progress is made the cause may be lost," Thatcher said.

She had held talks in London with Israeli Foreign Minister Peres, King Hussein of Jordan and King Hassan II of Morocco in the weeks preceding her visit to Washington.

Thatcher said she had told Reagan that the Iran-Contra affair should not stop him acting on other issues such as arms control and the Middle East.

She said she was encouraged by cooperation between the U.S. and the Soviet Union on a proposed UN Security Council resolution calling for a cease-fire between Iran and Iraq, to be debated today.

She said the cooperation between the two superpowers could be a model for preparing an international conference on the conflict between Israel and its Arab neighbours.

In Teheran, Iranian President Ali Khamenei yesterday said a draft ceasefire resolution before the UN Security Council would be worthless

unless it took a neutral position in the Gulf war.

But he did not repeat the outright rejection of the resolution voiced yesterday by his Foreign Minister Ali Akbar Velayati.

Khamenei, quoted by the national Iranian news agency Irna, said Iran had not been informed of the resolution's contents, which he added had undoubtedly been influenced by the U.S.

Iran yesterday announced its marine and air forces would hold maneuvers in the Gulf, the Strait of Hormuz and the Oman Sea in August and said these were a warning to the superpowers.

The Iranian news agency Irna, received in London, said the announcement was made by the joint staff of the three service branches of Iran's Revolutionary Guards.

The war games were announced as the U.S. navy massed warships and carrier-based planes in and near the Iran-Iraq war theatre prior to escorting re-flagged Kuwaiti tankers through the Gulf some time this week. (AFP, Reuters, AP)

GULF

(Continued from Page One)

among Pentagon and non-government experts, one analyst said: "The main risk is a swarm of revolutionary guards in speedboats loaded with dynamite."

However, a potentially greater threat is posed by about 20 Silkorm anti-ship missiles which U.S. intelligence officials say Iran bought from China and is keeping at its naval base in Bandar Abbas, near the Strait of Hormuz at the mouth of the Gulf.

But White House national security adviser Frank Carlucci has warned the Khomeini government that the U.S. would respond with force if it believed Iran was preparing to use the Silkorms, either from shore batteries or surface vessels.

Similarly, U.S. airborne surveillance planes in the Gulf are keeping a close eye on the movement of Iranian warplanes, "and if we see one coming toward (a U.S. target), we will marry it," said one Pentagon official.

Iran is thought to have fewer than 10 advanced F-14 fighters and about 40 older F-4 fighters from the once powerful U.S.-made air force bought by the shah. As for its navy, it has only a handful of surface combatants larger than patrol boats.

"The Iranian navy may leave port to attack U.S. warships, but is unlikely to return," said one analyst here.

A British analyst, Robert Gaunt, cited reports that Iran was training revolutionary guards to fly light planes loaded with explosives for possible suicide attacks. But he said they, like heavier warplanes, probably would have trouble penetrating the anti-aircraft defences aboard U.S. navy vessels.

Iran is not known to have F-14s at its Bandar Abbas naval base. In the last 10 days F-4s operating from there hurried back to their hangars when Iranian radar spotted U.S. warplanes flying in the region, say U.S. intelligence officials.



Former Indian defence and finance minister V.P. Singh was yesterday expelled from the ruling Congress (I) party by Prime Minister Rajiv Gandhi. (Reuters)

Ex-defence chief latest victim of Gandhi party purge

NEW DELHI (AFP) — Prime Minister Rajiv Gandhi yesterday expelled former defence minister Vishwanath Pratap Singh from the ruling Congress (I) party for "anti-party activities," the party high command announced.

The action against Pratap Singh came four days after Gandhi had dismissed three dissenting Congress (I) leaders, all of them former ministers, including his own cousin Arun Nehru.

Five of Gandhi's ministers have resigned since the beginning of the year.

Pratap Singh, known as the "Mr. Clean" of Indian politics and a rallying point for dissidents since corruption scandals began to plague the government earlier this year, had offered his resignation last week but it was refused.

Party general secretary G.K. Moopanar told journalists that the decision to expel Singh for "anti-party activities" had been taken by Gandhi, but gave no other details. A letter was being sent to the former defence minister.

China warns Japanese: Be friendly

BEIJING (Reuters) — A member of China's ruling Politburo accused Japan yesterday of hostility toward Beijing and warned Tokyo that it would pay a heavy price if it rejected China's overtures for good relations.

The official *Beijing Review* printed a long article by Hu Qiaomu, a top ideologue, in one of the strongest attacks on Japan this year, 50th anniversary of Japan's all-out attempt to conquer China.

Hu said that on a number of major issues, "the Japanese authorities have only been paying lip service" to a 1978 treaty of peace and friendship and a joint declaration which set up diplomatic relations between the two countries in 1972.

If Japan gives China the cold shoulder, China will not accept it quietly, Hu said. "It is Japan that will suffer in the end."

Hu cited as examples of Japanese unfriendliness revision of textbooks which water down its aggression during the second world war and visits by cabinet members to a shrine in Tokyo remembering the war dead, including war criminals.

He also criticized the awarding by a court in Osaka to Taiwan of a student dormitory in Kyoto of which Beijing says it is the rightful owner and Japan's increasing its defence budget.

Relations between the two giant Asian neighbours have worsened sharply this year following the dormitory decision in February.

China accused a senior Japanese official last month of "extremely odious" behaviour in saying that top Chinese leader Deng Xiaoping appeared dissociated from the true state of relations between the two countries.

HASSAN — King Hassan II of Morocco flew home from London late Saturday after a four-day official visit during which he held talks with Prime Minister Margaret Thatcher and Defence Secretary George Younger.

FOREIGN BRIEFS

Two dead, 10 hurt in Beirut camp clashes

BEIRUT — Two people were killed and 10 wounded in the worst Shi'ite-Palestinian clashes in three months around Palestinian camps near Sidon, militia sources said yesterday.

Palestinian sources said a man was killed and six people were injured when shells slammed into the Ein al-Hilweh refugee camp. At the Miyeh-Miyeh camp, Barbara Pescani, an American woman serving with the World Council of Churches was wounded, police said. (Reuters, AP)

At least 15 hurt in Panama plane mishap

PANAMA CITY (AP) — At least 15 passengers aboard an Eastern Airlines jet suffered minor injuries after the plane arrived in Panama City, spokesmen for the carrier said yesterday.

Juan Jose Moreno, director of Eastern's office in Panama, said problems with the landing gear developed after the L1011 jet landed on Saturday night at Omar Torrijos Herrera International Airport, about 23 km. outside Panama City.

Art banned by Nazis shown in East Germany

EAST BERLIN (Reuters) — An exhibition of paintings banned half a century ago by the Nazis opened in the East German city of Halle yesterday, the show included works by the German expressionist artists Max Beckmann, Ernst Ludwig Kirchner and Franz Marc and by abstract master Paul Klee.

Pravda: Soviet cabinet minister sacked

MOSCOW (AFP) — Soviet Minister of Machinery Building for Animal Husbandry and Fodder Production Leonid Khitrun has been sacked, the Communist Party daily *Pravda* reported here yesterday.

Pravda did not say who would replace Khitrun, 56.

Although it gave no reason for the sacking, *Pravda* reported that Khitrun's ministry had achieved only 91 per cent of production goals, one of the worst results in the machinery building field.

Rat saves Argentine leader from poisoning

BUENOS AIRES (AFP) — A rat gave its life so that Brazilian President Jose Sarney and Argentine President Raul Alfonsín might be spared a severe case of food poisoning, officials said on Saturday.

The officials said Alfonsín and Sarney were spared when Argentine food experts fed a laboratory rat a portion of salmon which was to be served to the presidents.

Murdered man was leading Iran dissident

VIENNA — A man found murdered in a Vienna apartment has been identified as Iranian opposition leader Reza Chitgar, the Austrian daily *Kurier* reported yesterday.

A Vienna security police spokesman confirmed the report.

Kurier said Chitgar's brother-in-law on Saturday identified the badly

decomposed remains, discovered shot in the head last week.

The daily reported that Chitgar, head of the Iranian national resistance opposed to the Islamic government of the Ayatollah Khomeini, had telephoned relatives on May 19 from Vienna, where he said he was to meet "a politically active fellow

countryman." He had not been heard from since, *Kurier* said, and the unidentified person he was scheduled to meet had apparently also disappeared.

Chitgar was found shot dead last Sunday in a Vienna apartment allegedly rented by a Turk named Mahmut Akkyez.

Mulroney faces crisis in Canadian ballots

OTTAWA — Ronald Reagan may take comfort from the appalling problems being suffered by his northern neighbour, Canadian Prime Minister Brian Mulroney, who faces three by-elections today in what may prove another milestone disaster for his government.

Two of them are in seats which were previously held by Mulroney's Conservatives. Observers agree that if the party manages to win even one of the three votes, it will be seen as a near-miracle.

A collapse in support for the Conservatives could possibly lead to the election of North America's first socialist government — a government committed to pulling Canada out of Nato.

Mulroney himself has already written off the by-elections as having no significance — which implies that he at least has few hopes.

Not that any seat (or "riding" as they're called here) can be seen as typical in a country this size. One is in Hamilton, an industrial town next to Toronto, firmly in Central Canada, the country's most populous area. Another is in St. John's, the main city of Newfoundland, a colony which only joined the rest of Canada after the last war. The third is in the Yukon Territory, a vast, beautiful, underpopulated frontier territory next door to Alaska, precariously dependent on mining, tourism and a smattering of gold prospecting. St. John's is nearer to Milan than to Whitehorse, the Yukon capital.

Mulroney's loss of popularity has been stunning. In 1984 he was elected by a landslide with the Tories taking three times as many seats as the other main parties combined. Now the party is bumping along at the bottom of the polls having been

stuck in the low twenties for much of the year.

The causes of Mulroney's unpopularity are many, but a phrase used often here is "breach of trust."

The Tories promised a new beginning after nearly two decades of Liberal rule, much of it under Pierre Trudeau. The Liberals had become stale and corrupt, as parties too long in power often do. Mulroney, a polished TV performer with a beautiful wife, a smile like an American Express platinum card, and faultless French, looked honest, imaginative and even radical.

But since then his government has been mired in scandals, with a stream of junior and senior ministers being obliged to quit — often for giving favours to companies which helped fund Conservative party coffers. The most notorious was the great tuna scandal in which a company was allowed to sell to the public canned fish which was unfit for human consumption.

Mulroney's style has also offended. At a recent Francophone conference in Paris, his party had a fleet of 55 limousines. On a tour of the Far East he had an official Canadian plane arrive ahead of him so as to record his various arrivals on videotape. Cronies have been offered plum jobs just as they were under the old Liberal dispensation.

Lynn McDonald, an MP for the leftist New Democratic Party (NDP) said last week: "No-one suggests that Mulroney himself is on the take, but he has never repudiated the system. He always said it's just one bad apple, but it's not."

The public also felt Mulroney had gone back on his word by attacking key elements of Canada's welfare state — pensions, family allowances

and medicare. Finally, he's failed to deliver on the American factor.

Canadians often feel ignored by their giant neighbour to the south: they want leaders who will appear to get on well with the Americans, but who will also stand up to them. Many now feel that Mulroney has been walked over by Ronald Reagan, who has failed to deliver on important issues such as the acid rain pumped into Canada from the industrial cities of the U.S. north-east.

Now the Tories are trying to negotiate a free trade deal with the Americans, giving Canada the same special status which only Israel now enjoys. It seems reasonable; Canada is overwhelmingly America's leading trade partner (Ontario alone has more trade with the U.S. than Japan).

Cynics suggest that any agreement which was acceptable to Mulroney would inevitably be vetoed by the U.S. Congress. Some argue that he should point out to the U.S. that he needs a convincing deal if only to remove the threat of a socialist government in Ottawa.

And that possibility seems real enough. The NDP, for years the small third party of Canadian politics, is now at 40 per cent in the polls, comfortably ahead of the Liberals at 32 per cent, and the Tories at a miserable 26. The NDP now has hopes of cleaning up all three by-elections today (it took Hamilton in 1984). The party would hardly be thought red-bloodedly left-wing in Europe, but in North America looks almost revolutionary.

As far as the Americans are concerned, the most dangerous policy is its wish to pull Canada out of Nato, an organisation which it believes is dominated by the U.S. and which does little for Canadian defence. The party would also stop the Pentagon testing cruise missiles over Canadian territory.

It's no wonder that, according to party activists, American officials are getting distinctly twitchy. They

claim that at the party's last conference, U.S. diplomats mingled with delegates trying to convince them of their folly.

But in many ways the NDP has been swinging towards the centre as the heady whiff of power gets into its nostrils. Plans to nationalise all banks, for example, have been shaded to just one bank.

The move right has brought other problems, however. Party activists have been disillusioned. (Toronto workers have been notable by their absence in nearby Hamilton; Ottawa members have had to be drafted instead). The NDP is still seen, to some extent, as a "do-gooder" party of schoolteachers and trade unionists, and though it's doing well in Quebec, it's desperately short of Francophone candidates. Some members fear that it may fail to seize the opportunity offered by the government's unpopularity and the confusion in the Liberals.

Tories also feel that they are past the worst. Conservative MP Jim Edwards says: "I think things can be turned around and I see evidence that they will be...we bit the bullet with unpopular decisions in the first half of our term, and we are beginning to get our agenda through." But he agrees that the NDP has not harmed itself by running moderate governments in the provinces where they have won elections. "Some parts of the country have had NDP governments and, well, the sky didn't fall in."

Some Canadian experts think that if the NDP wins all three elections today, the NDP will be unstoppable. The next Canadian general election must come before September 1989, and is likely to be many months sooner. The U.S., having treated its nearest neighbour with the courteous indifference it extends to so many other countries, may find itself dealing with a government there which could embarrass either Republicans or Democrats. (London Observer Service)

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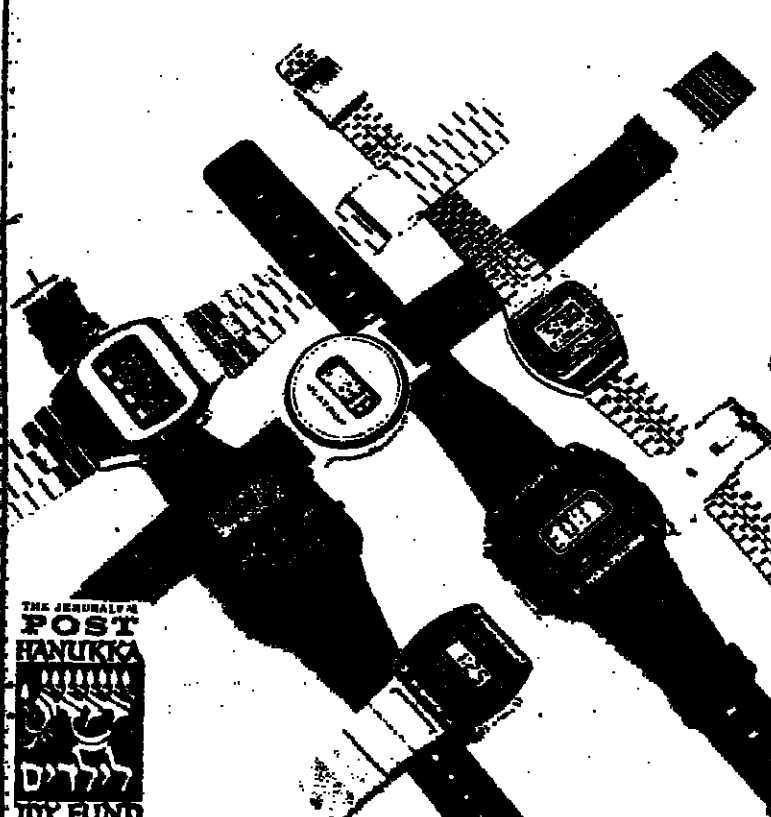
In the presence of

Mr. Shlomo Lahat, Mayor of Tel Aviv-Yafo,

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'The Buck Stops Here'

Has Admiral's Testimony Been Clearing the Picture or Intentionally Obscuring It?

Iran-Contra Affair

A Pivotal Week

As Lieut. Col. Oliver L. North left the witness table, the Iran-contra committees tried to take back control of their proceedings, lecturing the new national celebrity about patriotism, freedom and democracy. When the week ended some members were questioning the veracity of Colonel North's superior at the National Security Council, Rear Adm. John M. Poindexter. Highlights of the week's developments follow.

• In sharp contrast to the previous week's restraint, the remarks of George J. Mitchell, Democrat of Maine, was characteristic of the attitude of many committee members who rebuked Colonel North. Senator Mitchell said: "It is possible for an American to disagree with you on aid to the contras and still love the country as much as you do."

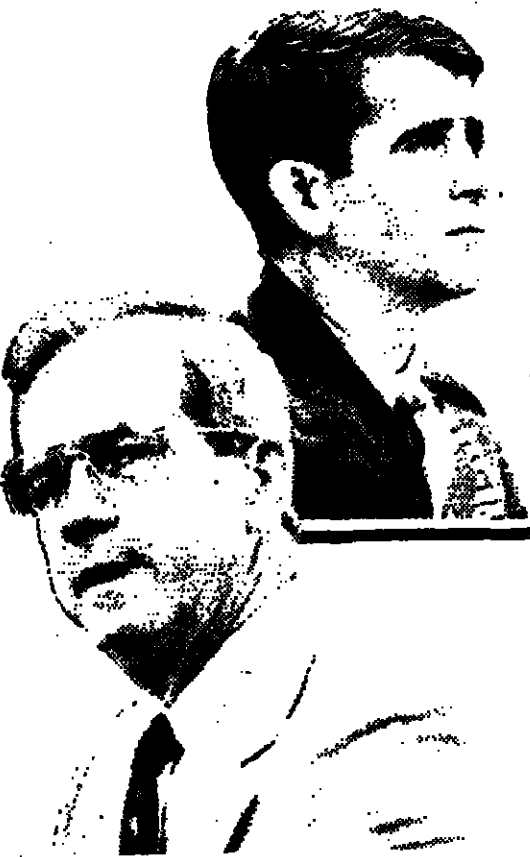
• Robert C. McFarlane, Admiral Poindexter's predecessor, asked to testify a second time, and did so. He said he had not approved all of Colonel North's actions, contradicting the colonel's assertion that he had done nothing without approval.

• Admiral Poindexter disclosed that just before he resigned his job last November, he destroyed a "finding" President Reagan had signed that described the Iran initiative as basically an arms-for-hostage deal. President Reagan has said he cannot remember signing it.

• Admiral Poindexter said he, unilaterally, had approved the plan to divert profits from the Iran arms sales to the contras and had not told the President to spare him political embarrassment should word of the diversion leak out.

• The Admiral also said he believed the President would have approved the diversion, had he been asked. The White House immediately disputed that, with one official saying Mr. Reagan was angry that he had not been told in the first place. Asked about the White House challenge to his contention, the Admiral said he "would have expected" it, adding "that's the whole idea of deniability."

• A New York Times/CBS News Poll showed that the majority of Americans still believed that the President was lying about what he knew of the diversion. A key reason appeared to be that almost as many Americans believed that the Admiral was not telling the truth about what he told the President.



The New York Times/Joe R. Lopez
Lieut. Col. Oliver L. North and Robert C. McFarlane testifying last week.

By ROBERT PEAR

FOR more than seven months, since Attorney General Edwin Meese 3d disclosed that profits from the secret sale of American weapons to Iran had been secretly used to arm the Nicaraguan rebels, Americans have been trying to unravel the tangle, seeking in particular the answer to one key question: What did President Reagan know of the whole affair, and when?

Last week, in what may have been the climax of the Congressional inquiry, they got an answer. Rear Adm. John M. Poindexter, the President's former national security adviser, testified that he had approved diversion of the profits to the contras without ever telling President Reagan or anyone else. On this whole issue, he said, "the buck stops here with me." But some members of Congress immediately declared that they did not believe him.

Since Congressional hearings began May 5, senators and representatives have heard more than 180 hours of often riveting testimony from 25 witnesses, including Lieut. Col. Oliver L. North, the zealous, indefatigable supervisor of covert operations aimed at arming Iran and freeing American hostages in Lebanon, and supporting the Nicaraguan rebels. The witnesses disagree on key points, and many are so forgetful that they could say, with Colonel North, "My memory has been shredded." But after the last two extraordinary weeks, many more pieces of the puzzle have begun to come together, and there is an ever clearer picture, with abundant, rich detail, of how Mr. Reagan allowed himself to become ensnared. What follows, significantly enhanced by the North and Poindexter testimony, is a much fuller account of the worst crisis of the Reagan Presidency.

The Roots Fall of Two Rulers

In a sense, the roots of the Iran-contra affair can be traced to events that occurred on opposite sides of the globe in 1979. The Shah of Iran was forced out of his homeland in January 1979. Ayatollah Ruhollah Khomeini, leader of the Islamic revolution, returned to a nation in turmoil on Feb. 1. Revolutionary militants invaded the United States Embassy in Teheran on Nov. 4, 1979, and seized 66 hostages, 52 of whom were not released until the day President Reagan was inaugurated, Jan. 20, 1981.

Animosity between the two countries was so intense that the United States had virtually no public contacts with Iran for five years. Mr. Reagan's ill-fated secret overtures re-established contact amid growing concern about the fate of Americans held in Lebanon by pro-Iranian extremists. One recent witness before the Congressional panels, Noel C. Koch, a former Defense Department official, quoted Colonel North as saying that the plight of the hostages in Lebanon was "eating" at the President, who was driving the colonel "nuts" with his concern.

Just six months after the Shah left Iran, the President of Nicaragua, Anastasio Somoza Debayle, was forced by Sandinista guerrillas to flee his country. General Somoza's resignation marked the end of a 46-year family dynasty that had been installed with the help of United States Marines.

In September 1979, the Carter Administration asked Congress to provide economic aid to the Sandinista Government, saying its initial orientation seemed to be "moderate and pluralistic, and not Marxist or Cuban." Just before President Carter left office in 1981, the United States suspended such aid, asserting that the Sandinistas had supplied arms to left-wing guerrillas in El Salvador.

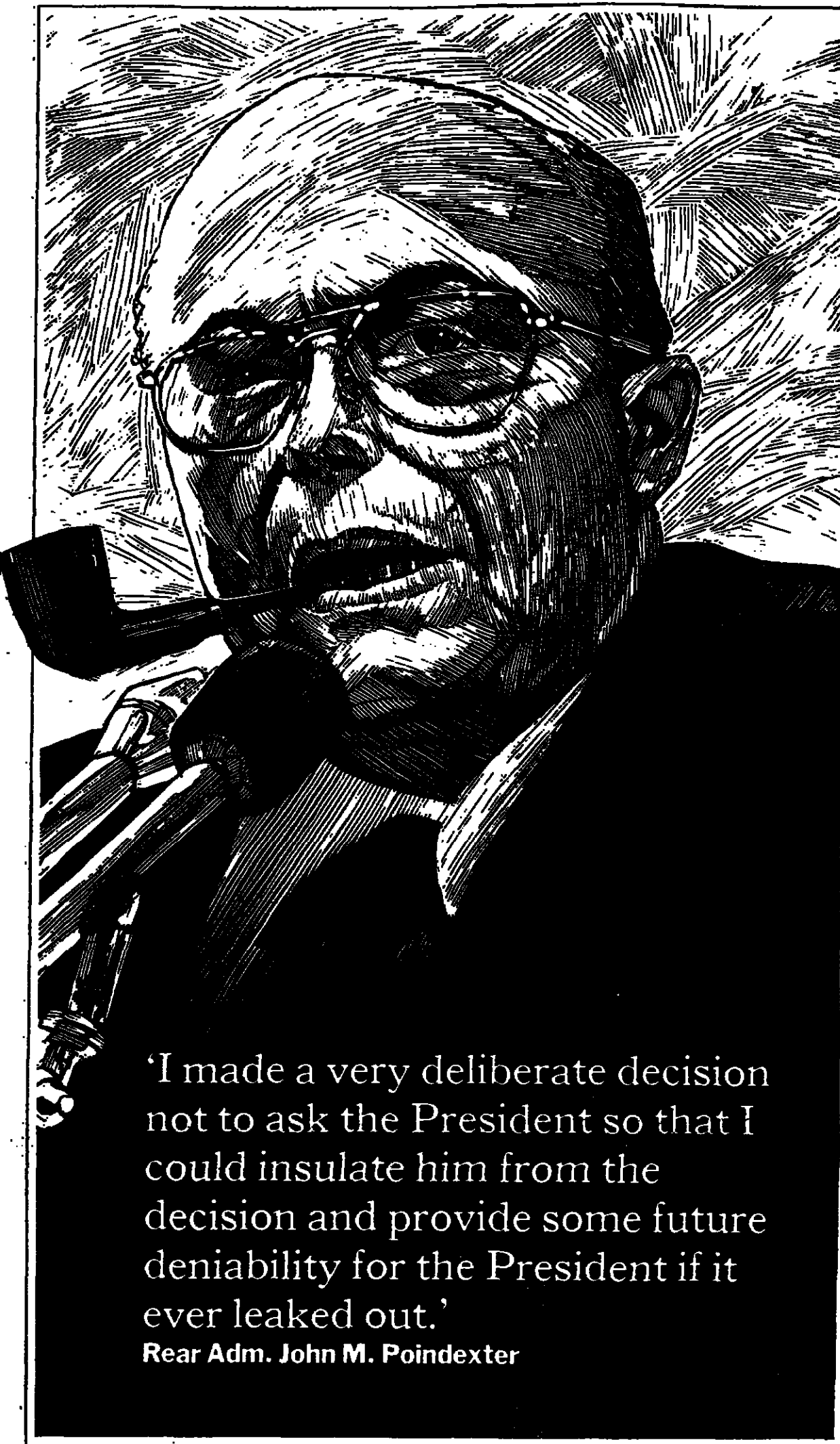
1981-82 A Commitment Grows

President Reagan's passionate commitment to the rebels in Nicaragua evolved gradually. At first, the Administration's public policy toward the Sandinista Government combined confrontation with conciliation, in a diplomatic balancing act.

By November 1981, the Administration was running out of patience. Alexander M. Haig Jr., then Secretary of State, said that Nicaragua was "moving toward totalitarian government." But Pentagon officials argued against the use of military force, saying it might lead to a protracted, Vietnam-like involvement. Mr. Reagan moved to resolve the debate by authorizing a covert program. In late November 1981, he issued a directive authorizing \$20 million for the Central Intelligence Agency to build a 500-man paramilitary force.

According to recent testimony at the Congressional hearings, the Administration told Congress privately that the rebels were being trained only to intercept arms shipments from Nicaragua to El Salvador. But Mr. Reagan, according to the testimony of his advisers, was even more enthusiastic about the prospect that the contras could prevent a new Marxist foothold in the Western Hemisphere, "another Cuba."

At a news conference on Feb. 18, 1982, Mr. Reagan was asked, "Have you approved of covert activity to destabilize the present Government of Nicaragua?" In his response, Mr. Reagan confused Nicaragua and El Salvador, then corrected himself and refused to answer the question. A week later, Mr. Reagan assailed the Sandinista Government in a speech,



'I made a very deliberate decision not to ask the President so that I could insulate him from the decision and provide some future deniability for the President if it ever leaked out.'

Rear Adm. John M. Poindexter

David G. Klein

saying it had postponed elections, suppressed free trade unions and exported "arms and subversion to neighboring countries."

On Dec. 21, 1982, Mr. Reagan signed an appropriations bill containing the first of many statutory restrictions on aid to the contras. He opposed such restrictions but was under pressure to sign the overall bill because it provided money for dozens of Government programs, including national defense. In recent days, giant poster-sized reproductions of the restrictive portion of the bill were displayed in the hearing room as a reminder to the witnesses; trying to counter, Republican members of the committees brandished sheaves of paper the size of the overall bill.

The 1982 restriction prohibited the Defense Department and the C.I.A. from providing military equipment, training or advice to any group "for the purpose of overthrowing the Government of Nicaragua." It was clearly understood at the time that this amendment, proposed by Representative Edward P. Boland, a Massachusetts Democrat, would not cut off all assistance to the contras. But already there were reports of a secret war in Nicaragua, and many members of Congress wanted to stop it.

The Administration acknowledged that it was supporting small-scale clandestine military operations to harass the Nicaraguan Government, but denied they were meant to topple it. Colonel North, who worked on the staff of the National Security Council, told the committees this month that he was the "action officer" in charge of dealing with the contras, assuring them of support.

1983-84 A Public Link

The American commitment to the contras grew steadily. The Central Intelligence Agency provided them with arms, ammunition and money to buy food, clothing and medicine. Administration officials insisted that such aid did not violate the Boland amendment because, they said, the rebels were not trying to overthrow the Sandinista Government. In an exchange with reporters in May 1983, Mr. Reagan praised the "freedom fighters" and acknowledged publicly for the first time that the United States was giving them money and other aid.

In September, President Reagan signed an order, disclosed months later, that authorized an increase in covert activities to support the rebels. In December, Congress decreed that no more than \$24 million could be spent in support of the contras.

Congressional opposition to the contra program grew when it was disclosed in April 1984 that the C.I.A. had helped mine Nicaraguan harbors, but had not fully informed the Senate Intelligence Committee. Barry Goldwater, the Arizona Republican who was then chairman of the panel, exploded in anger at

William J. Casey, the Director of Central Intelligence, who later apologized. Behind the scenes, it is now known, Mr. Casey and Robert C. McFarlane, who was then the President's national security adviser, began to consider soliciting funds from other countries and from private citizens in the United States, because they anticipated difficulty in persuading Congress to continue support for the contras.

These efforts paid off in July 1984 when the rebels received the first in a series of regular contributions, \$1 million a month, from a foreign country, now known to be Saudi Arabia. Adolfo Calero, leader of the largest group of contras, told the committees recently that he did not know and did not care where the money was coming from.

In September 1984, according to recent Congressional testimony, Mr. Calero consulted in Washington with Colonel North, who advised him to defer plans for an air attack on a Sandinista military school. The contras staged the raid anyway and lost a helicopter. Colonel North told Mr. McFarlane it might be necessary to ask a private donor to replace the aircraft. Mr. McFarlane disapproved the proposal, writing, "I don't think this is legal."

The contra aid program reached a major turning point on Oct. 12, 1984, when President Reagan signed an omnibus appropriations bill containing the most restrictive version of the Boland amendment. It prohibited the Pentagon, the C.I.A. and any other agency "involved in intelligence activities" from spending money to support, directly or indirectly, "military or paramilitary operations in Nicaragua."

Again, the President signed the bill only because he felt he had to, and he vigorously opposed the amendment, which created a big problem: how to support the contras without spending Federal funds or involving the C.I.A. Officials disagreed on whether the ban applied to the staff of the National Security Council. Admiral Poindexter and Colonel North told the committees this month it did not; Mr. McFarlane said again last week that he believes it did.

Openings to Iran Protective Strategies

The Reagan Administration began a formal reappraisal of its policy toward Iran in late 1984. It concluded that there was little chance of improving relations while Ayatollah Khomeini was still alive. But it wanted to open a dialogue with the Iranians, in part to protect America's strategic interests.

In May 1985, the C.I.A. circulated a five-page memorandum suggesting that the United States permit its allies to sell arms to Iran as a way to increase Western influence in the region. At about the same time, Michael A. Ledeen, a consultant to the National Security Council, went to Iran and

Continued on page 2

How New Testimony Fits Into the Iran-Contra Puzzle

Continued from page 1

discussed the situation in Iran with Shimon Peres, who was then Prime Minister. Israel had its own reasons for maintaining secret ties with Iran and prolonging the Iran-Iraq war, which began in 1980: It guaranteed that Iraq, one of Israel's foremost Arab foes, would be tied down in a bitter conflict. Mr. Peres asked Mr. Ledeen if the United States would approve of Israel's shipping arms to Iran.

By May 1985, five Americans, including William F. Buckley, Beirut station chief for the C.I.A., had been taken hostage in Lebanon. Intelligence officials, including Mr. Casey, the C.I.A. director, wanted to do everything possible to rescue Mr. Buckley. They had information that he was being tortured.

Early Warning Bridging Two Worlds

When he was not busy coordinating guerrilla warfare in Central America, Colonel North was trying to find ways to free the hostages. In June 1985, he wrote a detailed memorandum to Mr. McFarlane on how the hostages could be "spirited out" of Lebanon in return for payment of \$4 million in "bribes." Travel and operational costs could be paid with "funds normally available to the Nicaraguan resistance," Colonel North wrote, in a startling early indication of possible links between the two operations.

The Reagan Administration became more willing to deal with Iran after Iranian officials used their influence to help obtain the release of American passengers on a jetliner hijacked by Lebanese Shiite gunmen in June 1985 as it left Athens.

In July and August 1985, Mr. McFarlane briefed Mr. Reagan on Israeli proposals to open "a political discourse" with Iran. In August and September, Israel sent 508 American-made TOW antitank missiles to Iran. Whether the President approved the shipment in advance or merely acquiesced after the fact is in dispute. He told two different stories to the special review board headed by former Senator John G. Tower, and said finally that he could not remember "anything whatsoever" about approving the sale.

President Reagan had repeatedly told the world that the United States would not deal with terrorists. But his Administration secretly supplied weapons to a country he had often accused of terrorist acts. The next Israeli shipment, in November 1985, caused immense political problems for the Administration when it was disclosed, because the C.I.A. helped arrange the shipment without the Presidential authorization required for covert activities.

While in Geneva for a summit meeting, Mr. McFarlane got a telephone call from the Israeli Defense Minister asking for help in clearing a pipeline of missiles from Israel through Portugal to Iran. Portuguese officials refused to grant landing rights to the plane, which had been chartered from a C.I.A. proprietary airline at the request of the National Security Council. Colonel North, Maj. Gen. Richard V. Secord, a retired Air Force officer, and the C.I.A. made frantic efforts to solve the problem.

C.I.A. officials insist they thought the cargo was oil-drilling equipment. But the Congressional investigating committees have obtained evidence, including depositions given in closed session by State Department and C.I.A. employees, to show that C.I.A. officials knew the cargo consisted of Hawk missiles.

'It's always the responsibility of a staff to protect their leader.'

Rear Adm. John Poindexter

Administration officials later prepared a false account of the transaction, saying: "No one in the U.S. Government found out that our airline had hauled Hawk missiles into Iran until mid-January" of 1986, "when we were told by the Iranians."

In testimony last week, Admiral Poindexter disclosed that President Reagan authorized this transaction retroactively in an official document that he signed on Dec. 5, 1985. The document, describing the deal as a straight trade of arms for hostages, directly contradicted Mr. Reagan's characterization of it. Admiral Poindexter said last week that on Nov. 21, 1986, as the scandal came to light, he destroyed the document because "I thought it was a significant political embarrassment to the President and I wanted to protect him."

1985

Concealing Contra Aid

At a news conference in February 1985, President Reagan called on the Sandinista regime to "say uncle," and in March he hailed the contras as "the moral equivalent of our Founding Fathers." But at the same time, because of the Boland amendment, the Administration stepped up efforts to conceal its aid to the contras. Testimony shows that the Administration entrusted the execution of its policies to a private "enterprise" and tried to finance a secret war with the help of rich Americans and foreign potentates.

General Secord's airlifts to the contras, containing grenades and ammunition, began arriving in February and March 1985. Carl R. Channell, a fundraiser for conservative causes, began raising large sums of private money for the rebels. In May 1985, Colonel North told Mr. McFarlane in a memorandum that the contras had become "an effective guerrilla army" with the help of funds given by private donors.

In his testimony, the colonel insisted that although he helped present the contra case, he stopped short of actually soliciting these wealthy donors. Last Tuesday, just before the committee excused him, he was permitted to give his lecture on aid to the contras, though denied permission to show the slides that usually went with it.

In August 1985, members of Congress expressed concern about Colonel North's involvement with the contras after newspapers reported that he was giving the rebels tactical advice on military operations. Mr. McFarlane insisted that he and his staff complied with "both the spirit and the letter" of the Boland

amendment, even as Colonel North (code name BG, "Blood and Guts") got periodic written reports from Robert W. Owen (TC, "The Courier") describing the contras' needs for specific weapons.

In December 1985, Mr. McFarlane stepped down; Admiral Poindexter, his deputy, became national security adviser.

1986

Diverting the Funds

The two threads of the Iran-contra affair were knotted together in the bathroom of a London hotel in January 1986, according to Colonel North. He told Congress this month that an Iranian arms dealer, Manucher Ghorbanifar, first proposed diverting profits of the Iran arms sales to the contras when the two met in the bathroom. The C.I.A. had warned that Mr. Ghorbanifar was a liar; Colonel North said he believed the Iranian was an Israeli intelligence agent.

Mr. Ghorbanifar rejected Colonel North's story about the bathroom meeting, saying it was "the best joke I have ever heard."

At least two other people have been given credit for what Colonel North and Admiral Poindexter called the "neat idea" of diverting money to the contras. Colonel North told Attorney General Meese last November that the idea was broached to him by Amiram Nir, an adviser to Prime Minister Peres, in January 1986. General Secord's lawyer, Thomas C. Green, has attributed the diversion plan to Albert Hakim, an Iranian-born businessman who is General Secord's partner.

Admiral Poindexter testified last week that he approved the diversion plan in February 1986 without telling the President. But Colonel North had testified that he had described the plan in five memorandums that he sent "up the line" to Admiral Poindexter for transmission to Mr. Reagan. Only one of the memos, from April 1986, has been found. General Secord, in his testimony, recalled that the colonel had said, "in a humorous vein," that he told the President how ironic it was that "some of the Ayatollah's money was being used to support the contras."

Throughout 1986, Colonel North, General Secord, Mr. Nir and Mr. Ghorbanifar met repeatedly in Europe to arrange shipments of arms from United States military stocks. There were four such shipments to Iran: TOW antitank missiles in February and October; spare parts for Hawk antiaircraft missiles in May and August.

Colonel North and Mr. McFarlane flew into Teheran in May on a plane carrying Hawk parts. They held several days of frustrating talks with Iranian officials thought to have influence over Islamic fundamentalists holding American hostages in Lebanon. Colonel North said the McFarlane mission led to the release of at least one hostage, the Rev. Lawrence Martin Jenco, in late July.

The Final Months

The Affair Unravels

Covert efforts to aid the contras continued through 1986. In August, Assistant Secretary of State Elliott Abrams traveled to London, met with an official from

Brunei and solicited money for the contras. The Sultan of Brunei transferred \$10 million to a Swiss bank account, but it went astray because American officials had given him the wrong account number.

Robert C. Dutton, a retired Air Force colonel, testified recently that the contra resupply operation, long plagued with problems, reached a peak last September, when 185,000 pounds of supplies were delivered. From a contra base in El Salvador, Colonel Dutton sent a message describing the latest news and appealing to Colonel North to send his attractive secretary, Fawn Hall. "Send Fawn — Can't continue on milk and cookies," he wrote.

Details of the Iran-contra affair were revealed in a rush of disclosures starting Oct. 5, 1986, when a cargo plane carrying arms to the contras was shot down over Nicaragua. Three crewmen were killed and a fourth, Eugene Hasenfus, was taken captive. Assistant Secretary of State Abrams said at the time, "There's no United States Government involvement, direct or indirect," in the cargo flight.

Testimony by Colonel North indicates that he and a few of his colleagues made elaborate efforts in October and November to conceal evidence of their activities in Nicaragua and Iran. These efforts intensified after a Lebanese magazine, on Nov. 3, disclosed Mr. McFarlane's trip to Teheran.

Soon after Mr. Meese began probing the arms deals with Iran, Colonel North told Mr. McFarlane that he planned a "shredding party," Mr. McFarlane testified. Miss Hall destroyed Colonel North's telephone records, and she took documents out of his office by hiding them in her boots and in the back of her clothing, she testified.

Colonel North said this month that he continued to shred documents in his office last November even as Mr. Meese's investigators worked 10 feet away reviewing other files. Some members of Congress say the Attorney General's inquiry was so inadequate that it may have permitted a cover-up.

An independent special prosecutor, Lawrence E. Walsh, was appointed in December to probe the activities of Colonel North and others. Admiral Poindexter is the "primary target" of a Federal grand jury working under Mr. Walsh's supervision, the admiral's lawyer said last week. In February, the review board headed by Mr. Tower issued its report, which harshly criticized President Reagan's passive management style. And the Congressional committees will continue their inquiry with testimony by Donald T. Regan, the former White House chief of staff, and three Cabinet officers: Secretary of State George P. Shultz, Defense Secretary Caspar W. Weinberger and Attorney General Meese. Mr. Casey, with whom Colonel North testified that he worked very closely, even getting pointers from the C.I.A. director on memos to Admiral Poindexter, was hospitalized in December with a malignant brain tumor the day before he was to testify before Congress. He died in May.

The Congressional committees expect to finish their hearings this month or early next month. The panels plan to issue a final report by Oct. 30.

Their conclusion may echo the words of Representative Lee H. Hamilton of Indiana, chairman of the House committee, who last week denounced the Reagan Administration's policies as "driven by a series of lies — lies to the Iranians, lies to the Central Intelligence Agency, lies to the Attorney General, lies to our friends and allies, lies to the Congress and lies to the American people."

Focus of the Testimony

The Contra Leaders: A Guide to the Off-Screen Players

By JAMES LeMOYNE

AT the center of the political storm raging in the Senate Caucus Room in Washington is the so-called contra rebel army, which is fighting to overthrow the Sandinistas in Nicaragua. Lieut. Col. Oliver L. North and Rear Adm. John M. Poindexter have testified about how they secretly diverted money to the contras, whom they considered to be a bastion against Communist penetration of the Americas.

Over the years of their struggle, the contras have wrangled bitterly and changed leaders four times. But lately, they appear to have agreed on a six-member political directorate that shows signs of enduring.

Calling themselves the Nicaraguan Resistance, the new rebel leaders were elected by an assembly of Nicaraguan political parties in exile. Some of the directorate's six members have been sworn enemies of one another. But they have united because of their committed opposition to the Marxist policies of the Sandinistas. They have agreed on a political and military strategy for the year ahead and appear to have more than 10,000 armed men fighting inside Nicaragua. Last week, the rebels reported that they had attained their biggest victory in the six-year war, a successful attack on a military garrison in north central Nicaragua.

At the same time, in the wake of Colonel North's testimony, there has been a rise in American public support for contra aid. A New York Times/CBS News Poll last week found that 51 percent of Americans oppose such assistance, and 35 percent are in favor. In a similar poll in January, 60 percent said they were opposed and 28 percent said they approved.

Both the State Department and the Central Intelligence Agency pressured the rebels to put aside their internal differences to choose new leaders. One change, according to rebel and American officials, is that power and funds appear to be more equitably shared than they were when Colonel North seemed to run the directorate almost entirely through one leader, Adolfo Calero.

Contra leaders say they expect in the months ahead to elect a seventh member of the directorate to represent the Miskito Indians and other minority groups on Nicaragua's Atlantic coast. Here are profiles of the six rebel leaders.

Aristides Sanchez

One of the most powerful rebel leaders and a new member of the directorate. . . . As the chief trouble-shooter and head of logistics for the Honduras-based rebel army for most of the last six years, Mr. Sanchez is the only political leader who has had considerable experience with troops in the field. . . . Widely credited with helping the rebels survive during the years when the United States cut off its aid. . . . Has a reputation for being extremely tough, but he is also pragmatic and capable of making alliances. Very conservative and nationalistic, Mr. Sanchez comes from a powerful land-owning family that was part of the ruling elite of Nicaragua. He is one of the few rebel directors who has the confidence to disagree with American officials.



Adolfo Calero

At the age of 55, the longest-serving rebel official. . . . Until recently, the political head of the main, American-backed rebel army, a post he assumed in 1982, when he left Nicaragua. . . . Mr. Calero was an opponent of the Nicaraguan dictator Anastasio Somoza Debayle and was jailed briefly in 1978 for joining an anti-Government business strike. But he also maintained close ties to the C.I.A., according to American and rebel officials. After Somoza was overthrown, Mr. Calero became an opponent of the Sandinistas, predicting they would create a Marxist dictatorship rather than the pluralistic society they promised. Mr. Calero, who called William Casey, the late C.I.A. director, "Uncle Bill," and who once gave Colonel North \$90,000 in travelers' checks for the contra effort, seems to have lost considerable power in recent months.

Alfonso Robelo

A veteran rebel leader and experienced political operator. . . . A one-time ardent supporter of the Sandinistas, he objected to their monopolization of power and left Nicaragua in 1982. . . . A successful businessman, Mr. Robelo is left of center politically. . . . He first joined up with Eden Pastora, a former Sandinista commander, to fight the

Nicaraguan Government from Costa Rica. Later he joined forces with Mr. Calero and Arturo Cruz in an alliance that broke up earlier this year. (Mr. Pastora is no longer fighting the Sandinistas, and Mr. Cruz resigned from the contra leadership earlier this year.) Mr. Robelo, who is 47, has a reputation for being inconsistent and has had bitter battles with Mr. Calero and Mr. Sanchez over political philosophy and the control of the rebel movement.

Maria Azucena Ferrey

The least-known member of the new rebel directorate. . . . A foe of Somoza and member of the opposition Social Christian party, she reportedly briefly collaborated with the Sandinista underground in the early 1970's. She stayed on in Nicaragua after the revolution in 1979 and left the country only three months ago. She appears to have been asked to join the directorate chiefly to give it a member with contacts and recent experience in Nicaragua.

Alfredo Cesar

Another newcomer to the rebel directorate, he is widely regarded as one of its most able and politically ambitious members. . . . A former Sandinista supporter who was jailed by Somoza after joining an attack on a National Guard patrol. . . . Mr. Cesar, who

has a master's degree in finance from Stanford University, became head of the Nicaraguan Central Bank after the Sandinistas took power. . . . Left Nicaragua in 1982 and denounced the Government as Marxist. . . . Led a small left-of-center rebel group known as the Southern Opposition Bloc, based in Costa Rica.

Mr. Cesar, who is 36, has kept silent about the financing his group received from Washington. He has also privately accused some contra leaders of being incompetent and lazy.

Pedro Joaquin Chamorro

At 35, the youngest member of the directorate. . . . Son and namesake of a newspaper publisher who was murdered, probably by Somoza's gunmen, for his opposition to the dictatorship. The younger Mr. Chamorro left Nicaragua when the Sandinistas stepped up their harassment and censorship of La Prensa, his family's newspaper, which they have since closed. His mother, an outspoken critic of the Sandinistas, remains in Nicaragua.

Because of his family's long opposition to Somoza, Mr. Chamorro has the credentials to be a leader in the fight against the Sandinistas. But he has no independent base of power, such as an army, and he has yet to show a talent for making alliances and maneuvering to gain greater authority.

Sign: Alan Ostley

The World



Pakistani policemen arresting a rioter during anti-government demonstrations that followed the explosions of two bombs in Karachi.

Pakistani Accused Of Seeking Alloy To Make Atom Bomb

Arshad Z. Pervaz, a Canadian citizen who was born in Pakistan, has been trying for months to buy a special steel alloy that could be used in making nuclear weapons, according to a Customs Service affidavit filed July 10 in Federal Court in Philadelphia. Mr. Pervaz was arrested and accused of giving \$1,000 to an undercover agent posing as a Commerce Department official as a partial payment to get an export license for the alloy, Maraging 350.

If the attempted purchase is traced to the Pakistan Government, the Reagan Administration's proposal to provide \$4 billion of aid over the next six years could be held up under terms of a 1985 law intended to bar other countries from acquiring the means of making nuclear weapons. The assistance is intended to bolster Pakistani support for rebels fighting the Soviet-backed Government of Afghanistan.

Adding to the pressures on the Administration and Pakistan last week, two Americans and a Hong Kong businessman were indicted in California and charged with illegally shipping nearly \$1 million of sophisticated instruments and advanced computer equipment in 1982 and 1983. Arnold I. Mandel and his wife, Rona K. Mandel, were accused of exporting the sophisticated equipment to Leung Yiu Hung in Hong Kong. Some of the material, which also could be useful in building nuclear bombs, was then sent to Pakistan, the indictment added.

Mr. Pervaz, who is being held in jail without bond, said he was working for a retired Pakistani general who runs an export-import company in Lahore. A Pakistan Foreign Ministry spokesman repeated assurances that Pakistan is not trying to make nuclear weapons and said his Government had not "sponsored any violation of the export laws of the United States."

The State Department officials said they are privately calling on Pakistan to take "concrete action" to back up its nonnuclear assurances. Government experts said it could begin by punishing Pakistanis involved in illegal attempts to acquire weapons-making materials and by demonstrating that it is not making weapons-grade uranium at a plant in Kahuta.

Bombs Kill 72 in Karachi

In one of the worst acts of urban terrorism in Pakistan's history, two bombs exploded in crowded neighborhoods of Karachi, the country's biggest city. At least 72 people were killed and 300 injured. President Mohammad Zia ul-Haq blamed opponents of Pakistan's support for the Afghan rebels, an explanation that was echoed in Washington, where a State Department spokesman said the explosions appeared to be the work of agents under control of the Afghanistan secret police, KHAD.

However, Prime Minister Mohammad Khan Junejo, who rushed back from a trip to Japan, said India was to blame. He said that Pakistan knows of 17 training centers in India for saboteurs planning raids in Pakistan and that he had told this to Prime Minister Rajiv Gandhi.

Rebel Offensive in Salvador's Capital

The Government of El Salvador knew all about the latest plot of the leftist rebels to undermine it. But last week, when the guerrillas sharply stepped up protests and sabotage in the capital of San Salvador, President José Napoleón Duarte appeared powerless to stop it.

Young demonstrators vandalized vehicles and, armed with stones and nail-spiked clubs, tried to break through police lines guarding a Government office building. Several protesters were wounded when the police fired into the street. No buses ran for three days because of a rebel-enforced ban on public trans-

port. In recent months, the guerrillas have burned and machine-gunned private and public vehicles in an effort to bring transportation to a standstill.

The army said it has captured rebel documents that describe the now unfolding strategy to stage frequent and more violent demonstrations in the capital and to seize public buildings, embassies and officials, as well as carry out sabotage. So far, neither Salvadoran officials nor their United States advisers seem to want a harsh crackdown. The Duarte Government has allowed a state of siege law to lapse, giving the rebels leeway to demonstrate and organize university students.

Meanwhile, the United States suffered the largest single loss of lives in El Salvador since Washington's involvement in the Central American country began growing in 1979. Six American servicemen were killed when their helicopter crashed northeast of San Salvador during a mission to aid an American military adviser who was wounded when a gun accidentally discharged at a Salvadoran Army base.

Taiwan Ends Martial Law

President Chiang Ching-kuo of Taiwan last week lifted the martial law that was imposed 38 years ago by his father, Chiang Kai-shek.

Although the Nationalist Government hailed the move as a "new milestone" for democracy, the opposition said it was only a first step.

On the one hand, opposition political parties can now be formed legally for the first time, military courts can no longer try civilians and the military will no longer be responsible for censorship.

But, as Mr. Chiang's opponents pointed out, a new security provision that replaced martial law contains many of the old restrictions. Parties are required to support national unity, Communist parties are still outlawed and publications can be censored by civilian officials.

In Washington, a State Department spokesman praised Mr. Chiang's action, saying Taiwan "has made significant progress toward democracy." Also last week, Taiwan's Defense Ministry announced the release of about two dozen prisoners, including some dissidents.

It is believed that Mr. Chiang, who is 77 years old, acted in response to the pressure of the growing dissident movement and in hopes of gaining support for his party as he moves toward a transfer of power. The president is chosen by the National Assembly, only a fifth of whose members are regularly elected.

Martial law was imposed in 1949, when Chiang Kai-shek, head of China's Nationalist Government, and two million supporters fled to the island after their defeat by the Communists.

Thatcher Came To Praise Reagan

Prime Minister Margaret Thatcher was riding the high end of the seasaw last week as she flew into Washington to say a good word for Ronald Reagan, her ideological soulmate. "Now more than ever we need American leadership and your President is uniquely able to give it and will give it," the British Conservative leader said.

She said the Iran-contra affair had not diminished Mr. Reagan's role as a world leader.

A British official, explaining the purpose of her one-day visit, said, "The message is and was that this is the time for the alliance to stand strong." A Thatcher adviser added: "She doesn't see herself as assuming the role of elder statesman — 'I'm the top dog with Reagan slipping' — or anything like that. For her, the United States has to have the leadership of the West, whatever Presidents come and go."

Milt Freudenberg,
Katherine Roberts
and James F. Clarity

Glasnost Extended: Kremlin Sanctions Honecker's First Visit to Bonn

Soviet Calls The Tune in A Duet Set In Germany

By JAMES M. MARKHAM

IN dealing with West Germany, the Soviet Union has traditionally reached for the carrot and the stick, seeking to lure the pivotal country of the NATO alliance eastward and then beating up on it when it failed to respond with sufficient docility. Yet these conflicting impulses have bedeviled Moscow's efforts to come up with a coherent German policy.

Last week, it became strikingly clear that Mikhail S. Gorbachev has resolved to give the carrot precedence over the stick. Six years after he had first been invited to Bonn — and after several humiliating Soviet vetoes of his travel plans — Erich Honecker, the East German leader, said he would be coming in September. The first visit by an East German Communist chief to West Germany will be an emotionally charged event that in East and West will be watched nervously, and probably erroneously, for symptoms of rising pan-German sentiment. But the announcement, in fact, lost some of its drama because it was plain that Mr. Honecker was not bucking Moscow's line but implementing it.

Moscow's political choreography dictated that, before the Honecker visit could be announced, President Richard von Weizsäcker had to make a visit of his own to the Soviet Union. The West German's sojourn this month allowed the Russians to terminate the withering polemics against Chancellor Helmut Kohl, who four years ago ignored Soviet threats and accepted the deployment of American medium-range missiles. In Moscow, too, Mr. Gorbachev effectively told the West German President that, contrary to fervid speculation in certain right-wing circles in Bonn and by some officials in Paris, he had no intention of upsetting Europe's postwar order by offering West Germany reunification in exchange for neutralization. The Russian affirmed that two German states were a historical reality.

Like his predecessors, Mr. Gorbachev does not appear to want a neutralized West Germany, but a pliant, self-doubting and weak-willed one in the heart of NATO. By taking a softer line toward Bonn, he seemed last week to be already reaping dividends. The small Free Democratic Party, the



Soviet President Andrei A. Gromyko (right) escorting Richard von Weizsäcker to a plane after West German President's visit to Moscow.

junior coalition partner in Bonn, chastised Horst Telschik, a senior aide to Chancellor Kohl, and then Defense Minister Manfred Wörner for spoiling the honeymoon with Moscow by suggesting in public that the Red Army might still harbor aggressive designs on the West. And Foreign Minister Hans-Dietrich Genscher, the Free Democrats' senior figure, dropped a broad hint that he would be ready to abandon 72 Pershing I-A missiles held by the West German Air Force if that would enable Moscow and Washington to reach an arms control agreement. The Russians have singled out the short-range Pershing I-A's as a major obstacle in the stalled Geneva talks.

In stitching together his new German policy, Mr. Gorbachev and his advisers evidently hope to cash in on the Russian leader's extraordinary popularity in the Federal Republic. Gerhard Simon, a West German authority on the Soviet Union, remarked that the rush of sympathy for Mr. Gorbachev was born of lingering guilt feelings for Hitler's invasion of Russia, "fear of the big neighbor to the East, uncertainty about our own future and a certain anti-Americanism."

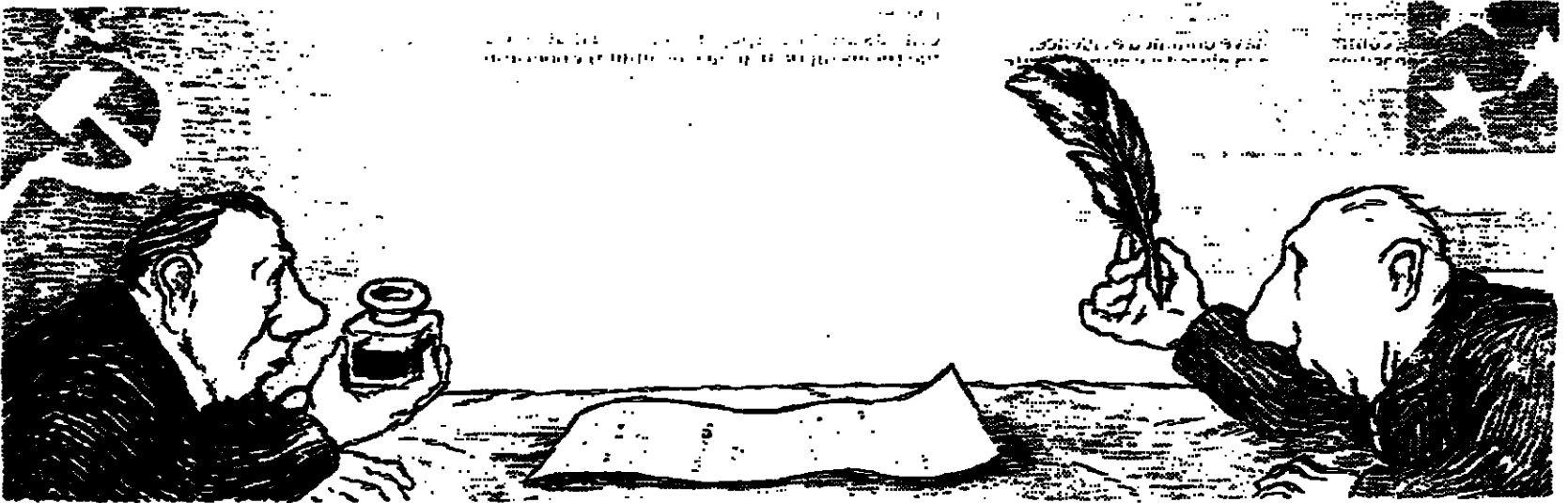
"It is an underground sentiment that is politically irrational," said Mr. Simon, "and it doesn't really have anything to do with Gorbachev. We have to seek its roots in ourselves."

Before Mr. Gorbachev came to power, Soviet leaders sought to cow West Germany with threats and nuclear overkill capacity. Mr. Gorbachev, apparently hopes to sway West German opinion through smiles and massive cuts in Europe-based nuclear systems that will enhance the

Soviet Union's conventional superiority. Yet in the warming political climate Bonn has garnered dividends that have nothing to do with grand strategy. There has been such a sharp rise in the number of German-speaking émigrés from Poland and the Soviet Union that a reception center in Lower Saxony has in recent weeks been swamped; already 4,542 ethnic Germans have legally emigrated from the Soviet Union this year, compared with 312 in 1986.

Trade-offs lay behind the Honecker trip as well. The visit would not have been thinkable had the Kohl Government not swung behind a NATO consensus and endorsed the abolition of both medium- and short-range missiles in Europe — a goal first enunciated by Mr. Gorbachev. But Mr. Honecker has come through on matters of interest to Bonn. He plugged a hole that had permitted third world asylum-seekers to flood into West Berlin from East Berlin's Schönefeld Airport. And, much more significant, the East Germans have sanctioned a huge jump in the number of East Germans below retirement age permitted to visit West Germany. This year a record million may come, compared with 573,000 last year. East Germany allows pensioners to leave at will, hoping they will settle in West Germany and burden it with the cost of their old-age benefits.

At 74, Mr. Honecker is old enough for a pension himself; his services to the insecure East German state include overseeing the construction of the Berlin Wall in 1961. But when he arrives in Bonn Sept. 7 he will almost certainly be wearing a Gorbachevian smile.



Moscow Gets Cagey on Arms Control

By MICHAEL R. GORDON

ONE of the Administration's main preoccupations in recent days has been to try to figure out why the Russians have shifted into neutral gear on arms control. "Nobody really knows what they are up to," one Administration official said. "But there are a whole variety of possible motives."

American officials say that the Russians began dragging their feet in Geneva about two weeks ago. Then the Soviet Ambassador, Yuri V. Dubinin, returned from Moscow without a date for a meeting between Secretary of State George P. Shultz and Foreign Minister Eduard A. Shevardnadze. The Americans had proposed that the two meet in mid-July to deal with some of the remaining differences. The meeting was to smooth the way for a summit meeting in the fall between President Reagan and Mikhail S. Gorbachev, the Soviet leader, at which an arms control treaty could be signed.

The Russians have not said what is holding things up. Nor have they presented specific conditions for a Shultz-Shevardnadze meeting. But there are a whole variety of possible motives.

One theory is that the Russians still have not sorted out their final objectives in the arms talks. This seemed so last month, after Col. Gen. Nikolai F. Chervov, the head of the arms control directorate of the Soviet General Staff, informally suggested a compromise plan that might have removed some key obstacles. The United States expressed strong interest. But Soviet negotiators have not followed up with a formal proposal, and the Soviet Foreign Ministry denies that Mr. Chervov ever made a suggestion.

Another possibility is that the Soviet delay is primarily a tactic intended to indicate that the Russians are not as eager for an agreement as the Americans say they are. While they wait, by this account, Moscow will be able to see if Western public opinion will prod the United States to accept important Soviet demands, such as the insistence that the American nuclear warheads for West Germany's 72 Pershing I-A missiles be destroyed. The United States has forcefully rejected that demand, but the Russians may believe that if they hold out, the United States might satisfy Moscow, at least partially, by promising not to provide West Germany with a new missile to replace the aging Pershing I-A's.

A third interpretation is that the Russians do not want to do anything that could help President Reagan at a time when he is seen as vulnerable

because of the testimony of Lieut. Col. Oliver North and Rear Adm. John M. Poindexter at the Iran-contra hearings.

Mr. Dubinin, the Soviet Ambassador, told East European diplomats in Washington last week that Moscow sees no reason to give Mr. Reagan a political boost at this moment, according to Dimitri K. Simes, a senior associate at the Carnegie Endowment for International Peace, who said he had talked to some of the diplomats.

The Russians may also be waiting to see whether Mr. Reagan is weakened politically by the hearings and might therefore become more malleable in the negotiations.

Still, another view is that the recent success of Mr. Gorbachev in consolidating his power at home has lessened his need for a new arms treaty.

Others say that Soviet officials are primarily concerned with domestic affairs at this juncture. None of the theories are mutually exclusive and they are not the only lines of speculation in the Administration.

Despite the delay, however, the prevailing Administration view is that the two sides have too much at stake to let the deadlock persist for long.

Benefits of an Accord

For the Russians, a new arms treaty would shore up the arms-control process. It would eliminate the Pershing 2 missiles, which the Russians have decried as a serious threat. And it could whet the appetite of the Western public for further talks to remove still more nuclear weapons from Europe.

The Soviet Union, which has impressive conventional military forces, has long sought a denuclearized Europe.

For the United States, a treaty would eliminate the advantage in medium-range missiles that Moscow has held for more than two decades. A new treaty would also be a political windfall for the White House.

Delay, meanwhile, carries risks. If negotiations are dragged out, the American debate over treaty ratification could be caught up in Presidential politics next year. The longer the delay, the less time during the

present Administration to move on to other arms-control issues such as cuts in long-range arms, and the "Star Wars" space-based defense program.

And there is always a risk of an unintended crisis, as happened with the Soviet downing of a Korean jetliner in 1983 and the arrest in Moscow of the American journalist Nicholas Daniloff last year. Mr. Reagan and Mr. Gorbachev may be able to afford a delay, but both sides also may lose if the waiting game goes on too long.

Russians Visit Opening to Israel?

"WE came here to do a technical job only," said Yevgeny Antipov, the head of the first Soviet delegation to visit Israel since Moscow broke off relations after the 1967 Arab-Israeli war. But not many Israelis believed him. After all, the eight Soviet envoys, whose official mission last week was to survey Russian Orthodox properties, spent most of their time politicking, whether it was delivering the morning greeting in Hebrew on a popular radio program, posing in swimsuits for photographers, visiting the Israeli Foreign Ministry or inviting anti-Soviet protesters into their hotel room.

The Russian denials aside, some Israelis said they hoped that the display of "glasnost" — Mikhail S. Gorbachev's campaign for "openness" — would lead to a permanent restoration of diplomatic ties. For all the antipathy to Moscow, many Israelis are eager to end their isolation and get back in touch with a country so intertwined with their past. "It's a love-hate relationship," said Shlomo Avineri, a Hebrew University professor, noting that many of Israel's early settlers were of Russian or Eastern European origin.

The emotions are much different among more recent Soviet émigrés, some of whom picked the diplomats' appearances. "We have their delegation without seeing any improvements for Soviet Jewry," said Natan Sharansky, who changed his name from Anatoly after arriving in Israel from a Soviet prison camp last year. "Why are we giving up on every point?"

Resourceful Illegal Aliens Are Thriving Despite Disapproval

Sikhs Wade Ashore in Canada Clutching Attache Cases



Illegal Sikh immigrants waiting to be processed by Canadian immigration officials in Halifax, Nova Scotia, last week.

By JOHN F. BURNS

AMID concern in Canada last week about the arrival of another boatload of illegal immigrants on the Atlantic coast, a story in The Toronto Star seemed illuminating. While the Government in Ottawa was reporting an avalanche of telegrams and telephone calls demanding that the 174 Sikhs who waded ashore from an aging freighter in Nova Scotia be sent home to India, the newspaper looked into the history of the 155 Tamils from Sri Lanka who arrived last August in similar fashion.

The Tamil men who were dropped into lifeboats off Newfoundland a year ago have all found work, the paper discovered, and most did so within a month of arriving. Many of them have two jobs and work 60-hour weeks. The group's salary level is higher than the national average. Indeed, three of the Tamils have started a business that now employs 20 Canadians.

Against this background, it seemed appropriate that many of the Sikhs who sailed from Rotterdam on the freighter Amelie, paying \$1,500 to \$2,300 for passage, came ashore clutching attache cases. And when several voyagers emerged from the predawn fog to ask for taxis to Toronto, 1,700 miles away, their unfamiliarity with geography seemed less telling than their urge to get on with building new lives.

Since Canadian law guarantees them hearings that can drag on for up to five years, there seemed little prospect that the Sikhs would be leaving

soon. Moreover, their prospects appeared enhanced by the presence outside the military base where they were sequestered of a group of wealthy Sikhs and immigration lawyers. Over the last 20 years, legal immigrants have helped build what was once a sparse scattering of Sikhs into a thriving community, mainly centered in Vancouver, of 250,000 people, with one of the best educational records and employment rates in Canada.

Investigating Air India Crash

Much the same can be said for many recent arrivals. Relatively few end up without jobs. A disproportionately high number, particularly among Asians, now the largest group of new settlers, become entrepreneurs. Native Canadians grumble that immigrants are changing the nation's demography. At least one Canadian in six was born somewhere else. But no one argues that this nation of 26 million people, with the second-largest land mass in the world, cannot absorb them.

For the Sikhs, however, acceptance has been complicated. As tensions between Sikhs and Hindus in India have worsened in recent years, there have also been violent incidents in Canada. There have been several major criminal trials, including one in Montreal in January in which two Sikh men were convicted of conspiring, unsuccessfully, to blow up an airplane departing from the United States. The airline was not identified in court. However, the Royal Canadian Mounted Police are still working on the bombing of an Air India flight from Montreal that fell into the Atlantic near Ireland in June 1985, killing all 329 people aboard. At least one Sikh leader who was in Halifax

last week to work for the release of the freighter's passengers has been questioned in the Air India investigation. And if Canadian security officers needed another reason for being here, it may have been that the Amelie's passengers included adherents of Sikh groups that have been at the center of unrest in India. Silver badges pinned to turbans, frayed photographs of Sikh leaders and hand luggage with labels promoting "Khalistan," the independent South Asian state sought by many Sikhs, were prominent.

But while the Government worried about security, it also had to contend with broader immigration issues. Impelled by the arrival of more than 15,000 self-proclaimed refugees this year, twice as many as in all of 1985, Canada has begun tightening the rules. Already, claimants arriving along the 4,500-mile border with United States, many of them Central Americans uprooted by the new American immigration law, are being held in border towns awaiting adjudication of their status.

A new Canadian law likely to be enacted this year would at least partially close some loopholes. Under the new law, refugees would have their claims reviewed — and, if rulings go against them, be deported — in a matter of months. Where the new arrivals can be shown to have had an opportunity to obtain refugee status in another country, or to have come from a country considered "safe," they could be promptly turned away. Humanitarian organizations have protested strongly, but the Government, sensitive to polls that show declining public tolerance for illegal arrivals, has vowed to hold course.

Tokyo Bows to Washington on Toshiba Scandal, but Resentment May Be Brewing



Apologetic Japanese Trade Minister Hajime Tamura meeting with Commerce Secretary Malcolm Baldrige in Washington.

By SUSAN CHIRA

LONG after the discovery that the Toshiba Machine Company had illegally sold propeller-milling equipment to the Soviet Union, the aftershocks are still rattling Japan, and increasing tensions with the United States. Virulent American reactions, including threats of bans on Toshiba imports and the public smashing of a Toshiba radio by members of Congress, have forced the Japanese to face issues that had long seemed remote, notably national security and its link to trade.

Slow at first to understand the depth of American resentment at actions that were said to make it easier for Soviet submarines to elude surveillance at a high cost to national security, the Japanese are now taking remedial steps. Last week, Prime Minister Yasuhiro Nakasone accused Toshiba Machine of betraying Japan, an indictment that appeared aimed at both American and Japanese audiences.

Hajime Tamura, Japan's Minister of International Trade and Industry, told American officials in Washington that Japan would seek harsher penalties for trade law violators and work to tighten export controls. He also proposed a joint project with the Pentagon to study the effects of the Toshiba submarine technology. The chairman and president of Toshiba Machine's parent, Toshiba Corporation, have resigned.

Authorities in Oslo, meanwhile, are examining sales to Moscow since 1974 by Kongsberg

Vaapenfabrikk, a Norwegian company that provided software for the Toshiba machines, which can be used to make submarines quieter. American officials are also investigating other suspected illegal sales to Moscow involving companies in West Germany, Italy and France.

Many Japanese, however, still do not seem to understand the stiff American reaction. Most editorial and public comment has focused on the damage to Japan-United States relations, with much less emphasis on potential harm to American — not to mention Japanese — security.

"You could say that people do not have a good sense of national security, and as long as they could make money, they thought they could get away with it," said Masashi Nishihara, a professor at the National Defense Academy. "And even if Japanese understand that the Russians are strong, they may tend to think that is something the Americans will look after." Shoichi Saba, who resigned as Toshiba's chairman, agreed: "I cannot deny that there is a rather loose attitude toward the observance of defense-related laws not only within Toshiba Machine, but other Japanese corporations as well."

However, many Japanese are questioning whether Washington may be exaggerating and singling out Japan. Mr. Nishihara noted that American companies have also violated export rules. And Masahiko Ishizuka, editor of the weekly Japan Economic Journal, said many Japanese suspect that the underlying issue may be technological rivalry, with the furor an excuse to weaken Toshiba, a major company. In the press and privately, many expressed skepticism

that there really was a link between the Toshiba sale and quieter Soviet submarines. Some business leaders also resent American decisions to impose semiconductor tariffs and to block Fujitsu's attempt to buy Fairchild Semiconductor.

Concern About Bad Feelings

Some American strategists fear that Tokyo may one day conclude that its national interests lie in putting distance between it and Washington. The Japanese do sense trade possibilities with the Soviet Union. But Soviet trade, about \$3 billion of Japanese exports and \$2 billion of imports, is still only about 1.5 percent of Japan's overall trade. The main items include Japanese machines and steel and Soviet raw materials such as lumber, cotton, nonferrous metal and gold.

With American restrictions on importing Japanese machine tools, Japanese companies have seen the Soviet Union as a potentially lucrative market, according to Kazuo Ogawa, a specialist on Japan-Soviet trade at Niigata University. "Japan's exports of machines have not been increasing recently, so the Soviet market for Japanese companies is very attractive," he said. "The Soviets are willing to pay higher prices."

Nevertheless, Mr. Ogawa believes trade with the Soviet Union will decline sharply. Toshiba has withdrawn from a Moscow electronics fair, and Mr. Ogawa expects other withdrawals.

But many here worry less about the impact on Japan-Soviet trade than about a legacy of bad feelings. "In the past, the U.S. treated Japan as a partner," Professor Nishihara said. "Now, some quarters may be seeing Japan as a menace."

Some Experts Say Provocation Is Also Intended to Warn U.S. Escort Fleet

Bold Iranian Raid on French Craft Heightens Gulf Tensions

By STEVEN GREENHOUSE

AS United States Navy ships prepare to escort Kuwaiti tankers that will fly the Stars and Stripes in the Persian Gulf, the attack last week on a French container ship made clear some of the risks of challenging Iran. On Monday, two gunboats that the French believe were manned by Iranian Revolutionary Guards sprayed the merchant ship Ville d'Anvers with machine-gun fire for 20 minutes. By week's end, as relations between Paris and Teheran deteriorated, the two countries broke off diplomatic relations.

There were new threats by pro-Iranian militants in Beirut to execute two French hostages and jeopardize French interests throughout the Middle East. And yesterday in Teheran, Iran accused all the French diplomats there of being spies and threatened to try them before an Islamic revolutionary court.

Some military analysts said the attack on the ship, which caused damage but no injuries, was a warning. They said Iran was playing a provocative game that might extend to the United States, which reportedly plans to begin escort duty this week. Iranian officials have said they will not tolerate American intervention in what they regard as assistance to their enemy, Iraq. "The Iranians have often attacked Kuwaiti ships before," said Dominique Moisi, associate director of the French Institute for International Relations. "That's why there is an element of risk in the reflagging. We just might see some brinkmanship diplomacy between the Iranians and the Americans."

Andrew J. Pierre, an American analyst and head of the Atlantic Institute in Paris, said last week's attack did not mean that the Iranians would attack every ship. But, he added, "the fact that we are flagging these Kuwaiti vessels makes the United States vulnerable should the Iranians want to send the U.S. a signal."

Mr. Moisi thinks the Iranians will be "much more prudent vis à vis Kuwaiti boats carrying the United States flag" because "unlike France, America is a superpower" and could hit back forcefully. And many defense experts believe that, in Iranian eyes, the Reagan Administration seems likely to act in a less restrained fashion than France. They say Iran may recognize that retaliation might be popular among Americans angered by kidnappings and terrorism linked to Teheran and frustrated by the Iran-contra scandal.

Even so, no one could be sure that the 11 reflagged Kuwaiti tankers and their American Navy escorts will be safe. Some analysts say Iran is badly divided and thus unpredictable. Democratic critics in Congress say the program could mire the United States indefinitely in the Gulf and risk further casualties; 37 American sailors



French policemen encircling the Iranian Embassy in Paris. They were seeking a terrorist suspect, Wahid Gordji, inset, who remained inside.

were killed when an Iraqi missile hit the frigate Stark in May. Some contend that the Reagan Administration has not thought through how it would respond to an attack. Administration officials say the escort is needed to protect freedom of navigation, to keep Moscow from establishing a new strategic position in the Gulf, and to show Arab countries that Washington is a dependable friend.

'A Smack at Uncle Sam'

Robert O'Neill, director of the International Institute for Strategic Studies in London, said the Iranian navy would probably steer clear of the reflagged ships and American escorts. But he said Iranian revolutionary guards operating small gunboats might be less cautious. "I think some of the revolutionary guards would love to have a smack at Uncle Sam," he said.

Two weeks before the attack, the French police had surrounded the Iranian mission in Paris for five days. They wanted to question Wahid Gordji, an embassy employee who does not have diplomatic immunity, about bombings in Paris that killed 13 people last year. Iran hit back by circling the French Embassy in Teheran, making virtual hostages of the French citizens inside. It also accused the French of beating one of its diplomats on the French side of the Geneva airport. France denied the accusation. Each side also refused to let the other's diplomats leave the country until an agreement for their safe departure has been reached.

The French ship was attacked shortly after it left Kuwait, which helps finance Iraq's war with Iran and is a transit point for many Iraqi imports. The French Foreign Ministry said it "would exercise all its rights follow-

ing this grave affair." But military analysts said France has been inhibited by, among other concerns, fear of more terrorism in French cities and of endangering the five surviving French hostages held captive by pro-Iranian groups in Beirut. Washington may also feel constrained by the fact that nine Americans are also hostages. (Ambassador Vernon A. Walters, the chief delegate at the United Nations, said that after recent talks in Damascus, he was hopeful that Syria would help get the hostages freed. But the precise influence of Syria and Iran on their captors holding them has never been clear.) "What we're seeing is a slow escalation in the Gulf," said Mr. O'Neill of the Institute for Strategic Studies. "I don't attach a lot of importance to the French attack itself. But I do think everyone is going to be walking on eggshells in the Gulf."

Arts & Leisure

Kabuki With a New Look

Ennosuke's innovations attract popular audiences back to Kabuki, but often shock traditionalists.

By MARGARET CROYDEN

The well-known conflicts in contemporary Japan between traditional values and modern ways are being expressed in all walks of life, even in the world of the classical theater, a stronghold of artistic conservatism. A frequent discussion in Japanese theatrical circles is whether traditional drama can be meaningful to modern audiences. For young people, classical theater (Kabuki, Noh and Kyogen) has lost its appeal, and what was once looked upon with reverence is now viewed as archaic, irrelevant to the present time. Many classicists, however, strive to preserve the purity of Japanese culture by clinging to centuries-old conventions.

This collision between old and new is particularly apparent in regard to the venerable Kabuki. The rigidly stylized drama, created nearly 400 years ago, has become, some complain, abstruse, lifeless and museum-like, and has lost some of its once popular audience. With tickets as high as \$75 a seat, attending the Kabuki is no longer a family affair; audiences now tend to consist mainly of elderly people (mostly women), foreign tourists and groups whose tickets are paid for by corporations. Some Kabuki stars, in search of the new, frequently appear in Western plays produced in Japan, and have accepted movie and television roles.

The most important break from the pristine Kabuki tradition has been the development of what is known as the

"new" Kabuki. The best-known innovator is the 48-year-old actor-director Ennosuke Ichikawa 3d, grandson of a famous Kabuki star. He has his own troupe of more than 30 Kabuki actors, and he creates, produces and directs the works performed, and plays as many parts as possible. While there is a small amount of experimentation within the traditional Kabuki establishment, Ennosuke and his group are exceptionally venturesome. For the most part, Kabuki remains restrained by the bounds of tradition.

Trained in Kabuki from childhood, Ennosuke is a maverick in that traditional, stolid world. He has, for exam-

see the actors make up. He has restaged and rewritten old plays, but he claims he is not modernizing them: "The things I do are in the classical Kabuki tradition.... It makes more sense for me to experiment within the Kabuki context."

According to Faubion Bowers, the noted American critic, writer and interpreter of Kabuki, "Kabuki was a hybrid art since... it was founded; it has always been the tradition to incorporate new ideas that would shock audiences. The very name Kabuki, when used as verb in the 16th and 17th century, meant to 'épater les bourgeois.'"

Ennosuke nevertheless has been accused of distorting the Kabuki tradition and catering to Western influence, and worse, of rank commercialism and vulgar clowning. But audiences evidently don't agree. He has an enormous following and creates a sensation with each production.

Ennosuke's greatest appeal is his versatility and daring. Whereas most Kabuki actors perfect only one or two character types, Ennosuke is famous for playing some 5 to 10 roles in a performance, ranging through villains, heroes, warriors, lovers, young women, devils, demons, spirits, ghosts, lions, foxes and cats. His ability to change costumes — makeup, wigs, kimonos and all — in minutes or even seconds, delights the audience. A master comic, he has revived the Keren tradition (clowning, popular in

ences, he maintains that he wants to create an atmosphere of excitement that is often missing from the regular Kabuki. "If not, the Kabuki will meet its end," he says.

Ennosuke's most spectacular feats are his aerial stunts, once common in Kabuki but now difficult for its aging stars to execute. In one Ennosuke production, the audience is taken by surprise by misty gray clouds emerging above the top balcony. Suddenly a white-faced figure in a gorgeous headdress and sumptuous kimono, eyes lowered and body perfectly still, appears hanging in midair. It is Ennosuke, flying high above us and then over the length and width of the theater, until he descends onto the hanamichi (the standard raised runway leading from the back of the Kabuki theater to the stage). There, assuming the typical Kabuki dramatic pose known as "mie" — he stands in all his splendor. His productions abound with similar coups de théâtre; battles are fought under real waterfalls, giant underwater sea animals played by men in costumes attack warriors. In one play Ennosuke used candles instead of electric lights and, in another, he combined film with the live action on the stage, an innovation that scandalized traditionalists.

Last year Ennosuke shocked the Kabuki establishment when he staged a modern play, using his own version of Kabuki theatrics. For this work, "Yamato Takeru," based on the life of one of Japan's mythic heroes, he violated strict tradition by employing a woman, Setsu Asakura, as set designer. (In the totally male world of Kabuki, no woman had had a creative place for centuries.) Furthermore, he engaged Tomio Mohri, the senior fashion designer for Issey Miyake, to create the costumes at a cost of \$700,000, instead of using a Kabuki costumer.

In "Yamato Takeru" Ennosuke was dressed as a bird, wearing a dazzling costume of spangles and feathers. As he flew through the air, he stretched out his enormous "wings," and these, together with a headdress of feathers that stood upright on his head resembling a candelabra, brought gasps from the audience. The actors wore mountains of brocade silk, opulent satins, silver spangles and sparkling sequins. All this was staged with startling lighting effects against a panoply of gorgeous colored cloths — scarlets, oranges and blues — representing fire, water and moonlight.

Entertaining guests backstage, Ennosuke is soft-spoken, and articulate, with apparently little egoistic star quality. He had played two shows, beginning at 11 A.M. and ending at 10:30 P.M., a schedule that was to continue for 25 days. Just out of the



The performer swoops over the theater in a modernized Kabuki interpretation of a mythological tale, "Yamato Takeru."

shower, wearing a blue terry cloth bathrobe, he entertained his guests sitting on the floor Japanese style and, despite his fatigue, talked about Kabuki for more than an hour. Speaking through an interpreter, he maintained that he "is bringing back people's theater to the people, where the Kabuki belongs, and using techniques that were common to Kabuki when it was established as a popular art."

These techniques, he said, had been forsaken in favor of an elitist refinement since the Meiji Restoration in the 19th century. "I am not entirely negating the classical plays as they are done today; they are really quite wonderful," he said. "But I believe that Kabuki can be just as wonderful in other spaces and situations. So I am experimenting to find these."

One such experiment was Ennosuke's restaging of an old classic, "Yoshitsune Senbonzakura," undertaken, he explained, "to see if and

how the traditional makeup and costumes of classical Kabuki can be used in new contexts with modern theatrical lighting techniques."

This time Setsu Asakura designed the sets as well as the costumes. She said that she changed the traditional sets considerably: "They are made of different materials from the traditional Kabuki," she said, "and are designed to give a three-dimensional effect," rather than the flat quality of most Kabuki sets. "I also changed the costumes; for the instrumentalists and the kuroko (stage assistants, who have always been in black), I dressed them in grays, which blend in better with the set."

Ennosuke's experimentation with all aspects of traditional Kabuki continues to arouse heated arguments. But disputes aside, detractors and admirers agree that Ennosuke is a vital force that has brought the Kabuki to the forefront, however controversial his methods.



The actor-director Ennosuke in a production that uses modern techniques.

ple, toured the West with his troupe and has directed the Paris Opera Company in "Le Coq d'Or." Billing himself as "Ennosuke Kabuki," he says his aim is to revive the original flavor of Kabuki, lost through the years, and to produce old classics and new plays that will appeal to contemporary sensibilities by combining modern Western techniques such as new lighting effects and three-dimensional scenery with the Kabuki form. In an effort to demystify Kabuki, he has allowed people to go backstage to

the earliest days of Kabuki): He adlibs, satirizes contemporary events, makes spontaneous witty asides to the spectators and sprinkles the dialogue with bits of modern Japanese seldom heard in the highly ritualized Kabuki. As an accomplished dancer and acrobat, he is unafraid of physical risks: In one hilarious chase scene he climbs roofs, walks on high wire, jumps over ramps and ends up in a seat in the audience, pretending to read a newspaper.

Criticized for pandering to audi-

Snow White Is No Feminist

It's impossible to watch Disney's "Snow White" today as one might have in 1937, when it was new.

By JANET MASLIN

Snow White is a drip, and I say that with fondness and respect for one of the best-loved children's films of all time. Of all the things we remember so fondly, from the starch collar on Snow White's gown to the way the dwarfs' bulbous little noses poke over the foot of her bed, the heroine's personality is hardly this classic's greatest selling point. Snow White, after all, is first seen cheerfully scrubbing the stairs of her stepmother's castle, surrounded by a squad of tweeting white birds. She then goes on to clean up the seven dwarfs' cottage, cook their dinner and badger them into washing their faces and hands. Aside from her great daintiness and her credentials as a fervent housekeeper, Snow White has no distinct personality. She exists only to be victimized by her wicked stepmother — a far more interesting character — and to wait for Mr. Right.

No sooner has she been awakened from her enchanted sleep than Snow White allows herself to be swept up by the handsome prince, deposited on horseback and led away to the prince's castle, where there is undoubtedly more cleaning to be done. Is this objectionable? Sure it is, but it's awfully difficult to resist. Try leaving a viewing of "Snow White and the Seven Dwarfs" without humming "Some Day My Prince Will Come," the theme that accompanies Snow White's magical resuscitation. It can't be done.

In honor of the film's 50th anniversary, Walt Disney Pictures has declared this "The Year of Snow White," and Disney definitely means business. Snow White has already

been to the Rose Bowl and the Smithsonian; a new hybrid Snow White rose has been introduced; Clairol has sponsored a "Search for Prince Charming," and there are plans for a reunion of all the young women who have impersonated Snow White at Disney theme parks. The film's reissue, which began on Friday, will bring it to 4,000 theaters and has been accurately described as "global." This will further extend the already enormous influence of perhaps the world's best-known animated classic. In the 50 years that "Snow White and the Seven Dwarfs" has been with us, it has been seen at least once by the great majority of Americans, more often by some, and usually shown to audiences of an impressionable age. Even without the new rose or the Clairol contest, the impact of this film on a nation, or even a planet, is by now so vast as to be incalculable.

It's impossible to watch "Snow White" today as one might have in 1937, when it was new. Just as the conception of Snow White herself seems very much a function of that era, so the film seems a prototype for later and better Disney classics, among them "Pinocchio" (1940) and "Dumbo" (1941). The Disney artists, in their triumphant creation of lifelike animation and brilliant anthropomorphism, were not yet in full control of these innovations; it took time to bring these skills to bear upon more complex characters, or to be more sparing with the birds and bunnies ("Snow White" is crowded with winsome wildlife, a little too much so). What could then be seen in "Snow White" — and what is now much more difficult to keep sight of in retrospect — was the transformation of a one-time novelty into an art form.

That "Snow White" remains very much alive today is a tribute to more than Disney's marketing genius. It's a tribute to extraordinary craftsmanship (more than 750 artists contributed something like one million drawings to make the film), to the buoyancy of a delightful score, to the warmth and wit that give the seven dwarfs their astonishingly vivid personalities. It is also the complete immersion in a fairy-tale world that keeps audiences of all ages mesmerized.

Though the film's Snow White is a

far cry from the Grimms' original heroine, this "Snow White," for all its fancifulness and charm, retains its aspects of the macabre. It doesn't take Bruno Bettelheim, whose book "The Uses of Enchantment" explored the underpinnings of this tale and many others, to recognize the darker elements that give this fable weight. The wicked Queen may not wear red-hot shoes and dance herself to death here, as she does in the Grimm version; she is merely thrown off a cliff and ogled greedily by yellow-eyed vultures (who are no less lifelike than any other Disney creation).

But here is a child whose stepparent envies her and wishes to kill her; here is a woman willing to transform herself into a hideous hag in her desire for beauty and supremacy. The image of the wicked Queen (initially conceived as a raven-haired glamour girl, and the epitome of late-1930s sophistication) who drinks an aging potion and then shrivels, sprouting warts and claws, turning before our eyes from a sexy, voluptuous creature into a frightening old crone, must leave as powerful an impression on the audience as Snow White's chirpy femininity. (Indeed, there's a grown-up version of this nightmare, with Jack Nicholson embracing a young beauty who turns ugly and ancient as he holds her, in "The Shining.")

As "Snow White" returns to help shape a new generation of eager little viewers, only those of us already under its influence will fully appreciate the range and depth of the impression this classic makes. Light-hearted as these figures may be, there are some of us whom Snow White taught everything about idealized prettiness. The dwarfs epitomized teamwork, good humor and masculine protectiveness. The forest creatures, ever frolicsome and friendly, helped to further the sense of an alert and sympathetic universe.

And if some of this film's lessons trouble the mind, they go straight to the heart for each new audience, and they always will. Snow White will always make scrubbing and scouring seem the pleasantest of chores. She will always make marriage seem a girl's only option. The dwarfs will even make traveling to and from work seem cause for a merry "Heigh-ho."

Shaping Up

BY KATHRYN RICHTER/Puzzles Edited by Eugene T. Maleska

ACROSS

- 1 Kind
- 5 Sugary
- 10 Ignominy
- 15 He portrayed
- 19 Sufficient, to
- 20 Fitzgerald
- 21 The —, Netherlands city
- 22 Fragrant wood
- 23 Lamb related to a Mary
- 24 Shaped like a sea anemone
- 25 Alters the configuration
- 27 Put back in original shape
- 28 Hymn
- 30 Trite
- 31 Stratum
- 32 Clans
- 33 Foundation
- 35 Nappers
- 38 Of —, atmospheric weight
- 39 Sect founded in Alexandria
- 43 Con — (with love)
- 44 Cup-shaped
- 46 Scottish negative
- 47 Russian news service
- 48 Alone
- 49 M. Anderson's "Night Over —"
- 50 News
- 51 Tate treasures
- 52 Chisel-shaped
- 56 Hints
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ANSWER TO PREVIOUS PUZZLE

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 VIBRATIONS BACHMAN
 OVERNIGHT SPINE RHYTHM
 RETAINS TIANA PAROXY
 GAS GARY MODEL
 PROEN LITOTHEATED FOR
 KIDS SAVE ACED CASE
 DOD UNDERSTATED ROSSE
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 AIGOS BEHOLD
 WESTON TENSE AUTOCAT
 ELYON MORNINGSTAL ACC
 ADEET PIND WINE SCUD
 PAUL ELYTHWADPS LAKED
 NODDO BEHIE WAY
 SIOBARD SCATHING RANCA
 APPEAL MERRY TALENTSON
 PAPERGOODS REARLEATE
 OLEO AVANT ELITE ERED
 ROSE ELYON ASTON SEYS

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A Good Reason to Delay Reflagging

This week, the Reagan Administration will, in all likelihood, throw away its last slim chance to substitute diplomacy for unwise military operations in the Persian Gulf.

Administration officials think there's little doubt that the United Nations Security Council will vote soon to demand that Iran and Iraq stop fighting, and to dispatch the Secretary General to talk with the parties. Yet before he even arrives, the U.S. Navy is expected to escort the first of the Kuwaiti oil tankers flying new American flags.

Despite the U.N. initiative, Washington says it has no intention of delaying the escort operation. That's a mistake. Going forward likely means closing the diplomatic window prematurely. Delay preserves the reflagging option should diplomacy fail.

The Administration decided on the plan to protect 11 Kuwaiti ships in March. The stated rationale was to preserve freedom of navigation. There were deeper reasons: to tilt to Iraq by helping its ally, Kuwait... to block Soviet help for Arab moderates... and to help the Arab world forget the Iran arms-for-hostages fiasco. The thinking was reactive and hasty. Majorities in the Senate and House eventually showed their disapproval. Nonetheless, the Administration plowed ahead, without looking for wiser alternatives.

The State Department did develop a U.N. strategy, intended to show that the Administration had not forsaken diplomacy. This had a cosmetic look to it, suggesting an effort to send Secretary General Pérez de Cuéllar on a hopeless mission and blame the U.N. and him for its failure. He is said to share such suspicions and has been noticeably quiet about the plan.

Don't Complicate Arrests With Paper

Law enforcement officials seem ready to respond in a needlessly limp way to a Federal court decision requiring that an arrested person in New York City be brought before a judge within 24 hours. If that's not possible, the decision requires at least a sworn statement from the police and prosecutor. That's just how officials expect to comply. If they do, the decision will, perversely, prompt new paperwork and more delay.

That would constitute a lamentably defensive response by law enforcement to a decision rightly aimed at abuses of the rights of arrestees. The criminal justice system could readily take steps to increase efficiency that would respect those rights.

The court ruling, by Judge Constance Baker Motley, was hailed by the Legal Aid Society "as the most important decision in the area of defendants' rights in the last ten years." But to judge by the first official reaction, this could be a case of winners take nothing. When the police and prosecutors can't bring a defendant before a judge in time, they plan to file a "paper review" asserting the sufficiency of the charge. This might put the city in technical compliance but is likely to delay arraignments even further. There are, meanwhile, several practical ways to help get prisoners before a judge in 24 hours.

For a start, the police could provide enough paddy wagons to transport arrested persons from local precincts to central booking stations and courthouses, avoiding present bottlenecks. The po-

lice might do more to alert prosecutors, defense lawyers and the courts when they are about to sweep an area of peddlers or crack pushers. The police might also beef up their own capacity to process arrests. Able officers of high rank could help insure that case papers, fingerprints and arrestees match and arrive in court together.

Prosecutors can help, by keeping their complaint rooms manned every night of the week, 52 weeks a year, and staff them with prosecutors competent to reduce or dismiss inappropriate charges on the spot. Technology might also help. Brooklyn District Attorney Elizabeth Holtzman and Police Commissioner Benjamin Ward are employing television hookups in one precinct so that police officers and crime victims can conduct the pre-arraignment process without time-consuming travel.

The courts could put more judges expert at efficient arraignments in criminal courts and move rapidly to hire city-funded case expeditors to help judges manage the arraignment caseload. The Legal Aid Society could see to it that no indigent defendant languishes in court pens for want of a Legal Aid interview. More supervision might well help.

Perhaps the most important task falls to the Mayor and his criminal justice coordinator: pushing all parties to accept the need for speedier arraignments. "Paper review" amounts to an evasion. Judge Motley's just ruling deserves a more imaginative response than more red tape.

The Worm and the Apple

New Directions

Tourist Misinformation

Picture a first-time visitor to New York City standing on the little traffic island in Times Square, studying the maps on the information kiosk. She is looking for a place to eat.

Should she go to Di Pinto di Blu for some pasta? Xochitl for chicken molé? How about Wienerwald for sauerbraten? Cattleman West for a steak? Got it! I'll go to Jilly's, she tells herself, because that's where Frank Sinatra used to hang out.

After lunch, she'd like to hit Bonwit Teller for a little shopping. Where is it? She peers at the map. Ah! At the corner of Fifth Avenue and 56th Street — not far from the Drake Hotel. Swell. Once I've finished my shopping, she says, I can go there for a restorative sip of sherry.

Poor visitor. She's not going to find Jilly's or, for that matter, Di Pinto di Blu, Xochitl, Wienerwald or Cattleman West. She's not going to find the Drake either. Or Bonwit Teller — not at Fifth and 56th anyway. How could she? In the 12 years since those maps were published, those restaurants, that hotel and the building that housed Bonwit's have gone the way of the dodo bird. So have a lot of the other tourist attractions touted on the maps.

Obviously, whoever is in charge of keeping that kiosk up to date isn't. But who is that? Nobody down at City Hall or at the Visitors Bureau seems to know. So come out, come out, whoever you are — and get your worm.

Horse Maneuvers

It's been almost two years since a limousine and a horse-drawn carriage collided on West 49th Street, injuring four tourists and causing the horse's destruction. That episode spurred a movement to extricate carriages from city traffic once and for all. Yet to date, nothing has been done.

A bill authored by Councilman Robert Dryfoos of Manhattan, now stalled in the City Council, would sensibly restrict the carriages to Central Park. Mayor Koch, however, resists the bill, preferring one that would restrict

horses on midtown streets only during afternoon rush hours.

That's hardly responsive. The horses would still obstruct — and foul — narrow theater district streets through the evening. Traffic often remains heavy well after rush hour. The 1985 accident on 49th Street occurred at 1:30 A.M.

The Mayor argues that carriage horses on the streets are essential to the tourist industry. But so is efficient movement of traffic. Broadway, Rockefeller Center and Carnegie Hall draw tourists, too. The A.S.P.C.A., meanwhile, points out that allowing horses out of the park hampers its ability to enforce minimal protective regulations.

A worm to the Mayor for resisting reform; another to the Council for failing to go ahead with its own.

Doubling the Square

Until 1976 when the city's first Greenmarket was set up in Union Square, drug peddlers perched on its fences like birds on telephone wires and the grass was trampled and strewn with litter. But the market brought in a new kind of customer — people looking for fresh vegetables, home-baked breads, local cheeses — and, suddenly, druggie's paradise became foodie's heaven.

But if it was the Greenmarket that breathed a little life into Union Square, it was the Parks Department that brought it to its present good health. Since 1984 the city has sunk millions into new trees, plants, paths and a strong police presence. Charming subway kiosks have been re-created. A stage has been installed.

Now the department is making an especially grand gesture. By closing an under-used street and eliminating some parking areas, it is doubling the size of the park.

For turning a wasteland into an oasis, praise — and many apples — are in order. The first goes to Barry Bernepe, the man behind the "greenmarketing" of Union Square. The next is for the Parks Department and Commissioner Henry Stern. And a third goes to the 14th Street Union Square Local Development Corporation, which, working with city agencies, came up with the new design.

Letters

Is Our Choice Democracy or Covert Activities?

To the Editor:

An effective, flexible foreign policy. A democratic form of government. Honest, credible national leaders. Can we have all three? The Iran-contra hearings suggest that we cannot.

The hearings are fascinating because they highlight significant differences of opinion — between the executive and legislative branches of our Government, between political parties and among powerful individuals — over proper foreign policy goals and procedures.

But behind the dramatic differences lies a broad consensus that an effective, flexible American foreign policy may at times require covert action. No one on the Congressional side — not even avid opponents of arms sales to Iran or of military assistance to the Contras — has argued that the United States, as a great power in a dangerous world, should in future forgo all covert forms of diplomatic or military initiative.

The hearings also reveal a broad consensus that covert action that is not approved by or made known to elected officials in the executive and legislative branches is inconsistent with our democratic form of government. Not even Lieut. Col. Oliver L. North makes the case to the contrary. In justifying his actions, Colonel North says he assumed that the President was aware of what he was doing and authorized it. Despite his past behavior, Colonel North says he is not in principle opposed to notification of selected members of Congress when covert action is contemplated or under way.

But officials who know of covert activities must be prepared not simply to withhold information from the public about these activities, but also to deny their very existence, that is, if these officials believe the national interest is thereby advanced. If both the President and Congress were indeed unaware of the operations of the Casey-North-Secord "government within a government," at least our top elected officials were spared an assault on the truth when they affirmed their ignorance. But if in future the President and leaders of Congress are fully apprised of what is happening, then it is they, not an unelected Colonel North, who will have to decide whether to deceive the American people. And it is they who may understandably choose deception.

Americans must insist that our elected leaders make the key decisions approving covert action. To say this is also to grant that we expect those same leaders on certain occasions to lie to us. Alternatively, we may insist upon truthful leaders. But we cannot then expect those same people to know some of the most important official secrets of the land they lead.

There is no ready solution to this dilemma. But it is better to recognize the dilemma, as one of the deeply sobering lessons of the present hearings, than to pretend that the United States can simultaneously exercise global power, enjoy democracy and be led by fully credible public officials.

DAVID B. ABERNETHY
Stanford, Calif., July 11, 1987

The writer is professor of political science at Stanford University.

Executive Order 12333

To the Editor:

The President, or at least his aides, have made the argument that the Boland Amendment did not restrict the National Security Council from supporting the Contras. The claim is that the amendment covered only intelligence agencies and that the N.S.C. is not an intelligence agency. This assertion is belied by the President's own executive order setting forth the functions of the N.S.C.

Executive Order 12333, signed by the President in 1981, states that the "N.S.C. shall act as the highest executive branch entity that provides review of, guidance for and direction to the conduct of all national foreign intelligence, counterintelligence and special activities, and attendant policies and programs." In addition, under the order the N.S.C. is responsible for reviewing all covert operations and submitting recommendations to the President for approval.

In view of the National Security Council's role in directing all intelligence gathering, it is disingenuous to argue that the N.S.C. is not, in the language of the Boland Amendment, an "agency or entity of the United States involved in intelligence activities." It is surprising that none of the members of the Congressional committees investigating the Iran-contra affair have brought the President's executive order to the attention of the witnesses.

MICHAEL RATNER
Legal Director
Center for Constitutional Rights
New York, July 13, 1987

Power to Make War

To the Editor:

The oddest thing about the Iran-contra affair is the prompt separation of Lieut. Col. Oliver L. North and Rear Adm. John M. Poindexter from their official roles in it. While Congress, the media and the public are caught up in a cloak-and-dagger story, the larger questions of what our national ends are and what means we should use to gain them go unexamined.

Our Founding Fathers were very concerned that the power to make war

should not reside in one man, and our Constitution is clear on this. The last time Congress declared war was December 1941. Military operations since have not been called wars while in progress: we had a "police action" in Korea, "military advisers" in Vietnam, "peacekeeping" in Lebanon, "covert action" in Central America and something in Grenada.

First we gave up the formality of declaring war. Then we gave up the formality of letting the public know what was going on. Then we gave up the formality of asking Congress to appropriate money for it. We do not know what is being done, who is doing it or even who is paying for it. Surveys show that a majority of us do not even know which side we are on in the Central American conflicts.

The obvious remedy for these half-wars is impeachment. President Reagan is sworn to uphold the Constitution, not to subvert it. Setting up a White House group to make policy in secret and carry out secret wars to put it into effect is a direct assumption of the war power that is expressly forbidden by the Constitution.

Congress should call off the Iran-contra hearings because they are serving no legislative purpose. They are merely a sideshow. We don't need

Colonel North has admitted lying to Congress and to the Attorney General. He has confessed with compelling sincerity and simplicity to having performed acts that are illegal, although he has denied any illegality or criminality. He has repeatedly asserted that his actions were justifiable and therefore right. In sum, Colonel North has operated under a banner that proudly proclaims, "There is an agenda that supersedes the law."

This, then, is the hero of our times, a man who, combining all the attributes of a zealous and conscientious subordinate with the creative initiative of a corporate manager, circumvents the rule of law in pursuit of a private ideal. Obviously, many of Colonel North's supporters and colleagues are unable to distinguish between a hero who defends and upholds the law and a zealot in hero's attire who, following the dictates of ideology, disregards the law.

He is for many of his fellow citizens the embodiment of an American hero, standing up for his principles, defending his family, his President and America's position in the world. His means of achieving these worthy goals include prevarication, negation of the system of checks and balances, and indulging in a hefty price markup on the sale of American weapons.

Perhaps it would do Colonel North and his supporters well to reacquaint themselves with those very precepts and principles for which they are struggling so hard and risking so much.

JOHN W. LOWELL
GLENN A. KURTZ
New York, July 10, 1987

A Good Show

To the Editor:

The daily diet of Lieut. Col. Oliver L. North on the Iran-contra hearings has included two courses for which we Americans have always had a fondness: a good show and the performance of an individual under pressure.

The proceedings have taken on the appearance of pitting an individual against the forces of government. He seems under attack by a clever New York lawyer posing complicated questions. The atmosphere is charged, the stakes are high, and yet the individual survives, perhaps prevails. Television provides the most dramatic context for the performance of Oliver North. We can study his demeanor, his voice and speech, his movements. We can dissect, inspect and connect. He is on stage, and we are the theater critics.

In making our judgment, we may conclude that the individualistic virtues — fortitude, sincerity, eloquence, and the like — are good. Weakness, phoniness and verbal ineptitude are bad. Therefore, it seems, our job as audience and critics is to determine whether Colonel North is sincere or a phony. If we conclude that he is forthright, the inquiry may end.

The combination of the medium of television and the notion of the individual under fire creates a powerful momentum toward basing conclusions about the subject matter of the hearings on how Oliver North "plays" on television.

Yet, shouldn't we try to insulate ourselves from the power of television and the image of a Vietnam veteran under apparent personal attack? We are, after all, not attacking, defending or judging Oliver North as a person. We are analyzing his behavior — what he did, how he did it and under whose orders or with whose knowledge. We have to educate ourselves on what the laws are, what they were and what people thought they were.

The combination of the medium of television and the grilling of Oliver North does make for high drama. Yet we should appreciate that Colonel North's testimony provides only one piece of a very complicated puzzle, a puzzle that contains some black and white, some gray and some dark corners.

ELLSWORTH MCMEEN
New York, July 13, 1987

Vitality of Our System

To the Editor:

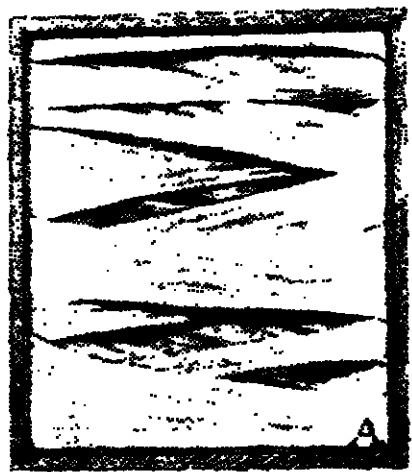
Lieut. Col. Oliver L. North says the rest of the world is laughing at our airing of the scandal that he personifies.

As one who has spent a life in public service and our foreign affairs, I would tell him the contrary. Our democracy is admired and envied for its readiness and ability to expose and rid itself of those who abuse public trust and public power. The purging of our Government of authoritarians like Douglas MacArthur, Joseph R. McCarthy and Richard M. Nixon is seen as a measure of the vitality of our democratic system. Nations that cannot control zealots, for whom any means is justified by the ends, can neither attain nor maintain a democratic system of government.

It is ironic that in the year that we honor both the Constitution and Gen. George C. Marshall, we should be obliged to devote even more attention to officials of the executive branch who have dishonored both.

But this sad episode brilliantly reaffirms the wisdom of the Constitution, which provides for a government of three equal branches and a free press.

THOMAS W. FINA
Alexandria, Va., July 10, 1987



Daniel Adel

more laws, just as we don't need more religion. We need to pay some attention to the laws and religion that we have.

ARTHUR D. PENSER
Huntsville, Ala., July 3, 1987

Who Makes Us Proud

To the Editor:

A new man has emerged on the American scene with the seeds of greatness, and Congress and the media hardly know how to cope with him. People are so starved in this corrupt and violent world for honesty, character and honor that they are hanging on his every word, for he is telling it like it is. His spirituality and decency shine from his face. His words are chosen by a just and righteous heart. He is a war hero — a Marine, no less — who is prepared to die if necessary for his God and country, and the American populace see in him a resurgence of the greatness of the Founders of our Republic.

It is fitting that this is in a year when we are honoring our Constitution, and suddenly this decorated warrior whose clear-cut wholesomeness and fearless demeanor ring true is thrust forth as almost a reincarnation of the patriots who forged 13 struggling colonies in the midst of a snarling world into the United States of America.

Let his detractors howl. The American people are not fooled. This firestorm of public opinion is well earned. Here is a man who makes us proud to belong to this nation when our values have been rapidly eroding and many of our heads have been sadly bowed. The hard stone foundation of America is revealed in the overwhelming support he is receiving. Our house, thank God, is not built on sand but founded on a rock, and with men like Oliver North, it will not wash away!

For truth is a shining pillar against which evil has no defense.

CHARLOTTE ELDRIDGE SUTTER
Phoenix, July 13, 1987

An American Hero?

To the Editor:

Lieut. Col. Oliver North has a lot going for him. He is articulate, extraordinarily competent, gifted as an orator, as an organizer and a leader of men. He is handsome and charismatic. He has devoted his life to the service of his country. His gifts, coupled with his sense of duty and honor, have propelled him to the very highest offices within our Government. He has, in short, all the makings and characteristics of a great American hero.

And it would seem many of Colonel North's fellow citizens hail him as a hero. It is ironic, then, that his "heroic" achievements were brought to light only as a result of the reluctant public disclosure that he was responsible for the sale of weapons to Iran (an act expressly contrary to the stated policy of the Reagan Administration), for the delivery of those weapons, for the diversion of the "residuals" generated by those sales to aid the Nicaraguan "freedom fighters" (when such action was arguably prohibited by the 1984 Boland Amendment) and for the alteration, falsification and destruction of records of these transactions.



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North's Bicentennial Lesson

By Irving R. Kaufman

The testimony of Lieut. Col. Oliver L. North before the Congressional committees on the Iran-contra affair, and the more recent revelations by Rear Adm. John M. Poindexter, have underscored some of the fundamental principles of our Republic — appropriately, at the very time we are celebrating the bicentennial of our Constitution.

One of the most important of these principles is that without knowledge, democracy is enfeebled — that a citizenry living in ignorance of what its leaders are doing is a citizenry in peril.

If for no other reason than the shedding of light on darkness, these public hearings into the clandestine behavior of some of our senior officials have been a most important constitutional exercise.

To be sure, the public has thus far responded sympathetically to Colonel North's statements decrying the constraints on the President's freedom of action concerning the contras "left in the field" in Nicaragua. Commentators — particularly from abroad — have also been puzzled over the reasons for a system of government that limits the President's ability to act unilaterally in foreign affairs.

Colonel North rightly notes that our system is less than efficient. The capacity for rapid and decisive action is not a particular strength of our Constitution. Rather, it enshrines the political equivalent of the physician's golden rule: First of all, do no harm.

The purpose of a system of divided powers is to insure that any significant governmental action will be thoroughly considered and debated, command a substantial political consensus and not infringe upon individual liberties. The Framers believed that as between violating these principles

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principles and denying government the right to act at all, it was always better to restrain government from acting.

Underlying this intuition was a profound skepticism about human nature — one that the intervening 200 years have served only to validate. Our system has survived despite the mediocrities, incompetents and rogues who have managed to attain office, because the capacity of any one officeholder to do significant damage is limited by the checks and balances under which he must operate.

For this reason, committee members have reacted with dismay to testimony indicating that some in the Administration believed that the strength of the executive branch's commitment to a particular policy justified a refusal to submit to legislative oversight.

Anyone with any interest in public affairs, whether public official or private citizen, must on occasion feel impatient with the painstaking procedures of democracy and must sometimes disagree with the substantive outcomes that those processes reach. But what should restrain us from seeking simply to sweep aside all legal and political checks and impose our will directly is the realization that down that road lies tyranny.

It may be that a powerful leader will perceive on a particular occasion the need for a policy that his people do not. But in the long run more wisdom will emerge from many voices than from just one. For better or worse, that is the cornerstone of our system. And even if it should be incorrect on any particular occasion, the American people, as Senator Warren Rudman said, "have the constitutional right to be wrong."

An erroneous decision democratically reached, although it certainly may do great harm, is in the long run better than a correct one that dam-

ages our carefully crafted system of checks and balances. For a wrong decision that is openly debated may be changed through the political process, while a sound decision imposed through secrecy and deceit robs us of the very capacity for self-correction that has sustained this nation through the harsh vicissitudes of 200 years.

The past quarter-century has shown clearly that we cannot sustain important foreign policy initiatives without a broad political consensus. Yet in a society that seeks truth through a multiplicity of views, the process of reaching political agreement necessarily will be untidy. Senator George J. Mitchell aptly emphasized, "In America, disagreement with the policies of the Government is not evidence of lack of patriotism."

Colonel North, however, believes that the Iran-contra affair is a unique case because the area of foreign relations is one in which Presidents have special power. In fact, the Constitution gives foreign policy responsibility to both the President and the Congress. The President serves as Commander in Chief of the armed forces and receives ambassadors from other countries. Congress declares war, appropriates monies for the armed forces and regulates commerce with foreign nations. Only with the advice and consent of Congress may the President make treaties and appoint ambassadors.

Congress may give wide discretion to the President to act in those broad areas of foreign policy in which the two branches share power. But it is by no means required to do so, as President Harry S. Truman learned when he seized the nation's steel mills in 1952 to avert a threatened strike during the Korean War.

Although President Truman defended his action as necessary to assure the supply of steel to carry on the war, the Supreme Court ordered

him to return the mills, noting that Congress had withheld from the President the power he sought to exercise. Thus even in the field of foreign affairs, the President's exercise of power remains subject to the control of the people through their representatives in Congress.

Despite the broad general recognition of these principles, many have complained about the pace and conduct of the Iran-contra hearings. Some bemoan the length of the proceedings; others fear exposure of closely held Government operations; still others suspect political motivations or resent what they perceive as political posturings on the part of committee members. Such criticisms may be valid as far as they go, but they miss the most important aspect of the investigation.

It is a fundamental tenet of our democracy that, as James Madison wrote, "Knowledge will forever govern ignorance: And a people who mean to be their own Governors, must arm themselves with the power which knowledge gives."

Throughout our history, Congressional investigations have served as a powerful means of informing the public, which, after all, holds in its hands the ultimate political fate of legislators and Presidents alike.

And whatever the motives of the individual questioners, or the merits of the hearings as television drama, the national debate sparked by Colonel North's testimony will — if history is any guide — ultimately provide not only firmer national support for whatever specific policies are finally adopted with regard to Iran and the contras, but also a tonic to our system of consensual, open government.

For all their disruptiveness, the periodic political crises that beset our country are a sign of the underlying vitality of our democracy. They demonstrate that the American people still care about the principles that have raised this country to the lofty position it now occupies — and this concern is the best guarantee that America will retain that same prominence 200 years from now.

ON MY MIND
A. M. Rosenthal

The Winds of Asia

SEOUL, South Korea
It is hot, muggy and rainy here and any day the streets may be filled again with riot and tear gas. But it is a wonderful time to visit Seoul. The city has the tang of liberty, clear and heady.

Yes, everybody knows that although political freedom is within grasp, it can still slip out. There is fear that either furious generals or the strong radical fringe within the student movement may try to destroy the goal of the South Korean revolution: a quick, peaceful transition to democracy.

The fears are reality but so is the particular significance of the democratic revolution of June 1987; if it holds it will have an importance that will reach beyond this striving land.

The Philippine revolution of 1985-86 was an emotional spur acknowledged openly by the opposition here, privately by the Government.

But there are countries in Asia and the Pacific with a great deal more in common with the prosperous, freshly industrialized, competitive kind of country that South Korea has become than with the impoverished Philippines. Malaysia, Singapore, Taiwan may find their own middle classes deciding that they are entitled to political liberty as well as high technology. The military regimes in Indonesia and Pakistan must be watching Seoul with some nervousness too.

And the government that probably fears the success of a democratic revolution in South Korea most is the fiercely repressive Communist dictatorship in North Korea. The combination of economic progress and democratic freedom could be a dangerous contrast to the empty streets, icy economic barrenness and political strangulation in the North.

This city is an economic volcano — skyscrapers everywhere, miles of markets in the streets and underground — a world of energy, hustle and intense commercial creativity, bouncing day and night. It erupted out of the talent and determination of a people who seem genetically incapable of giving in, either to a history of oppression or their own rocky, scabbly land.

In the first half of this century, Japanese colonialists ruled Korea with brutality and contempt. Then, after World War II, the United States kindly allowed the Russians to occupy the northern part of the country, temporarily of course. The Koreans paid the price for American stupidity: one nation was cleaved in two.

That cost the lives of hundreds of thousands of American and Korean soldiers when the North Koreans attacked in 1950. Then came a quarter-century of South Korean military dictatorship — which in the beginning Washington could have prevented by insisting the generals return to barracks with their American weapons.

But the energies of South Korean workers and businessmen brought prosperity. Still they yearned for something more: political liberty.

American specialists kept telling South Korean democrats not to push hard, warning that Korean traditions and Confucian heritage were incompatible with swift movement to democracy, you see.

The South Koreans did not see. Year after year opposition leaders were jailed and beaten and year after year students battled in the streets for a free political system. They did not seem to think freedom was antithetical to Confucian tradition or maybe didn't care if it was.

Last month, a thought struck a former general called Roh Tae Woo, who was supposed to be the military's handpicked winner in the coming presidential election: If you can't beat them, join them.

He gave in to almost all the demands for democratic freedoms made by the people in the street, mostly because he knew their parents were behind them.

Mr. Roh is a much more relaxed man now than when we met here about 18 months ago. Then he was a hard-liner and had not seen the wisdom of such things as a free press. He knows that his stroke of political bravery has turned him from a threatening figure to a potential winner in a free election.

But he is no hero to Kim Dae Jung, who has been imprisoned by the military, tortured, kidnapped, sentenced to death, reprieved, arrested again, but always remained a democratic political force. In late 1985 he was under house arrest and there were more Government goons outside than paving stones. Now his door is open and people sit in a carpeted street to listen to him speak.

He would like to be president. So would Kim Young Sam, an opposition leader with a long political record and a sharp mind. If they both run and split their vote, Mr. Roh will win.

But if only one Kim runs, that Kim will occupy the presidential palace called the Blue House.

In any case, South Korea's bracing political weather will be carried by the winds of Asia.

The Buck Stops There!

WASHINGTON
For the first few days of Admiral Poindexter's testimony, the audience at the Iran-contra hearings was silent and even solemn. But by the end of the first week, when he explained that misrepresenting the truth to the Congress was no "lie" and concealing the facts was no "cover-up," people began to laugh.

Later they began to ask how this whole incredible series of events, many of them reckless, most of them devious and a lot of them just plain stupid, could have happened. It takes some sorting out, but herewith a try.

Clearly the Reagan Administration was driven by the fear that if it didn't strangle Communism in Nicaragua (population 2.9 million), the Russians would establish a bridgehead in the center of the Western Hemisphere and the virus would spread throughout this critical strategic area. "Our credibility would collapse," the President said, "our alliances would crumble and the safety of our homeland would be in jeopardy."

The other nations of the hemisphere didn't share this apocalyptic view, nor did the Western allies or the Congress, which refused to vote the money to carry it out. But it was shared by Lieut. Col. Oliver North, the action officer who testified that if the Congress didn't support his covert operations, the United States might have to send its own troops into the war, and build the equivalent of a Berlin wall along the Rio Grande to keep the refugees out.

So the end of the Administration's policy was clear enough, and the means to this end were to arm the contras by secret covert action despite the

What's so surprising about Iran-contra?

prohibition of Congress and the questions of some members of the Cabinet. Loyalty to the President rather than to the law was the first consideration.

Admiral Poindexter believed that the President's general policy was to help the contras democratize Nicaragua and decided, without asking the President, that Mr. Reagan would approve the diversion of Iran arms sale money to the contras. The White House said later that the President would not have approved.

Admiral Poindexter's approval dominated Colonel North, who said he would go in a corner and stand on his head if the President instructed him to do so. Accordingly, the explanation begins with ideology and loyalty not to the law but to the President himself.

This was justified merely by saying first that the Boland Amendment didn't apply to the staff of the National Security Council, second, that the President didn't know that the N.S.C. was involved in covert operations, so it was all right according to this argument for the Administration to mislead the Congress and even to shred the critical damaging evidence in the presence of the Justice Department's "investigators."

It helped, of course, to have Ed Meese at the Justice Department, where he sometimes gave advice to Admiral Poindexter and Colonel North as Attorney General and sometimes as "the President's friend," and gave very little evidence of zeal in seeing that the laws were carefully executed.

The absence of continuity at the N.S.C. could also have contributed to the disaster, since Mr. Reagan has had five different N.S.C. chiefs in his first six years in office, not to mention Bill Casey, his campaign manager, as Director of Central Intelligence and private adviser to Colonel North.

It may also be relevant, not only that the Secretaries of State and Defense protested "vociferously," according to Admiral Poindexter, against the arms-to-Iran deal, and were "cut out of the loop" on the contra deal, but that not a single Foreign Service officer trained in Middle East or Central American affairs took part in this whole adventure.

Put part of the blame, then, on the valor of ignorance, some of it on the arrogance of Presidential popularity, and maybe the rest of it on the myth of the Reagan doctrine which insisted that American money and arms can unilaterally solve the complicated and tormenting social and economic problems of nations beyond our control or understanding.

Maybe the tragedy began first with the corruption of language: that "patriotism" belonged mainly to those supporting the President's policies; that "deniability" was more important than "responsibility"; that "findings" could justify covert operations before they were "found"; that for the President, the buck doesn't stop here but there; that "lives" are more important than "lies"; and anyway, that lies are merely "terminal inaccuracies."

In the end, it was at least an odd way to celebrate the 200th anniversary of the Constitution of the United States, which assumed a sharing of powers and responsibility and trust between the executive and the legislature. But you shouldn't be surprised. This Administration has been living a life of pretense, cheating and borrowing for over six years. Maybe that's the best explanation of the whole sad affair.

Economic Everest Awaits The Next President

By Robert D. Hormats

With the campaign for the White House under way, it is worthwhile to consider how the next President might promote American economic interests in a world dramatically altered by powerful market forces and shifts in the economic strengths of nations.

President Reagan's initial challenges were to subdue inflation and restore growth. His successor's challenges will include formidable international problems. The next President will inherit an America that, while possessing the world's strongest economy, is frustrated by trade deficits, external debt and the perception that our allies are not adequately shouldering global responsibility.

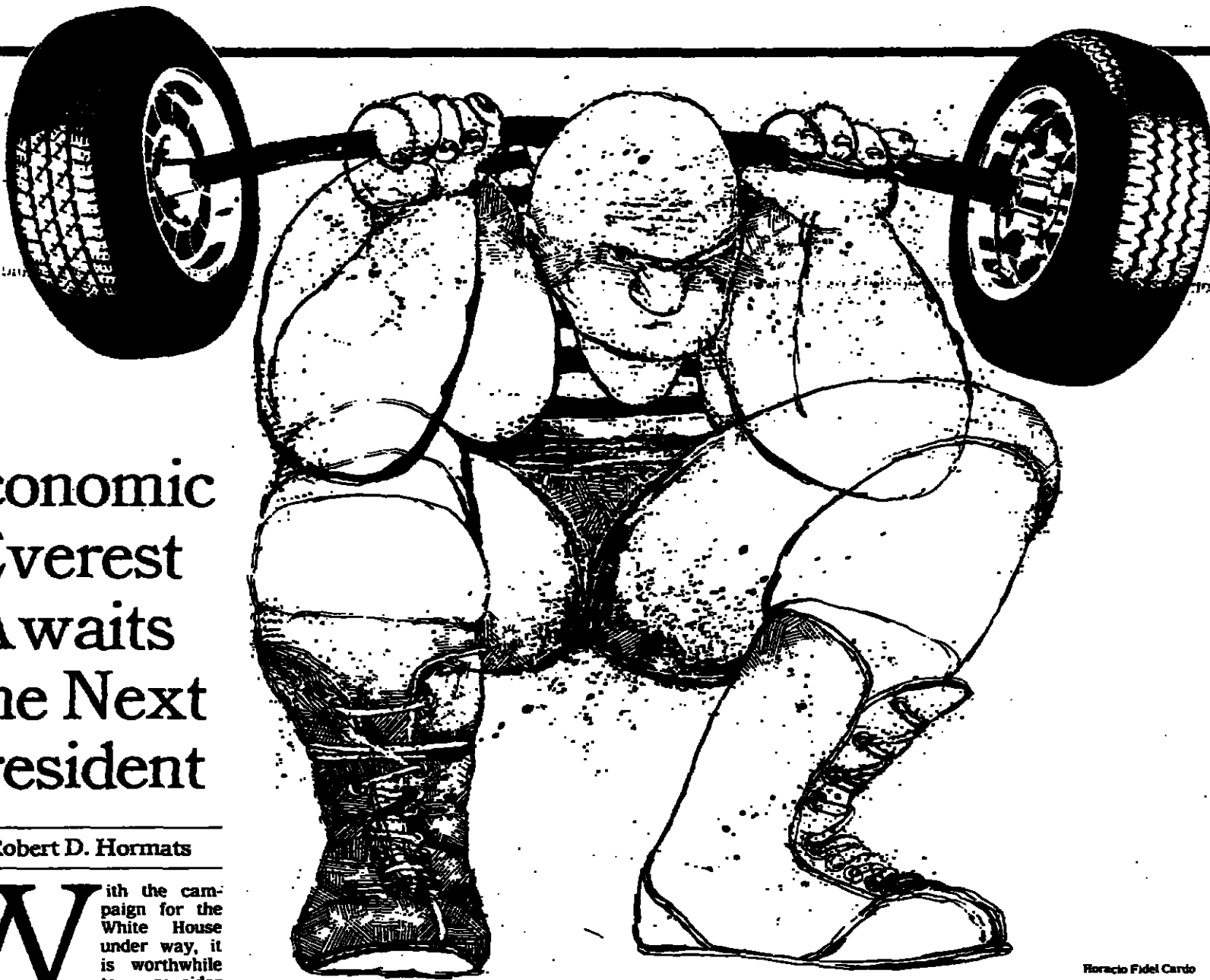
Many Americans see these as reasons for Washington to pull back from world leadership. The next President will need to forge international agreements on policies that foster sustained growth and balance in the world economy and that would also reassure Americans that burdens are being appropriately shared.

We are in the midst of the second great transition of international economic power in this century. From 1920 to 1940, the United States failed to recognize the strength it had inherited from Britain and the responsibility that such strength conferred. The United States protected its markets rather than champion open trade, and it waited until it was almost too late to defend other democracies.

For 20 years, the world had lurched from one trade and financial crisis to another, then to political confrontation and then to war. The current transition should be better managed. If Americans now believe that our

Robert D. Hormats, a vice president of Goldman Sachs & Company, was Assistant Secretary of State for Economic and Business Affairs from 1981 to 1982.

Why the hearings are vital.



allies are doing too little to help the United States reduce its trade deficit and to assume a fair share of military, energy security and foreign aid burdens, then domestic pressures for trade restrictions, troop withdrawals and cuts in foreign aid will intensify. The new President's capacity to lead the free world would be seriously undermined in such an atmosphere.

Conversely, if America's allies feel the United States is blaming them for problems of its own making, pushing them to adopt policies counter to their interests and using its deficit as a pretext for backing off world commitments, then they will resist American policy initiatives.

The key challenge facing the next President will be to press other nations to assume greater responsibility for the world economy without creating the impression that America is blaming them for its problems.

Europe and Japan will have to break out of their complacent belief that the United States would forever order its policies to insure a healthy world economy while its trading partners pursued policies aimed solely at domestic goals.

These nations depend heavily on a world economy that is influenced as

much by their policies as by those of the United States. Consequently, their policies must begin to reflect the need for equal responsibility.

Change must also take place in Washington. Federal and private borrowing relies significantly on foreign capital. President Reagan learned at the Venice summit meeting that, as a heavy debtor, the United States cannot merely insist that others comply with its wishes. Greater executive leadership will be required to reduce the budget deficit for domestic reasons and to strengthen the next President's hand in encouraging Europe and Japan to help stimulate growth.

Reconfiguration of international economic strength means that foreign support for American objectives can no longer be assumed. They must first demonstrate merit. Erratic domestic policies, lecturing others when Washington cannot control its budget and blaming other nations for home-made problems will weaken our influence.

America's allies also must be convinced that their new wealth places responsibilities on them to increase their foreign assistance. Europe and Japan have the capacity to provide more aid while the United States tries to cut its budget deficit. By increasing their foreign aid and providing incentives to their private sectors to extend loans to worthy development projects, these allies would strengthen growth and stability in nations important to the West while reducing pressures from Washington for a "quick fix" stimulus in their economies.

The next President will have to devote personal attention to multinational trade negotiations and insist that his counterparts abroad do likewise in order to achieve a significant

The allies must agree to share burdens.

reduction of trade barriers and an update of trade rules.

Without progress in these areas, protectionist pressures in virtually every country will intensify, confronting the President with the prospect of trade wars and global recession.

Revitalizing the West's flagging commitment to reduce its energy dependence must also be a high priority. The West will become increasingly vulnerable to interruptions of oil supplies unless strategic oil reserves are increased, regulations that foster greater domestic capacity are imposed, oil production in nations that are not members of the Organization of Petroleum Exporting Countries is financed and plans to cope with shortages are updated.

If the next President manages these issues effectively, he can convince Americans that sustained leadership by the United States is still necessary despite the fact that other countries have assumed a greater role in the world economy. He will also have presided over a historic transition in which the United States, which once virtually had singlehanded responsibility for the world economy, began sharing that responsibility with the growing economic powers.

From Manila to Seoul and on.

The Global March To Free Markets

As the world economy becomes more competitive, capitalist and Communist countries alike are turning to Adam Smith.

By STEVEN GREENHOUSE

PARIS
In Moscow, entrepreneurial comrades are running their own beauty parlors and auto repair shops, while in China many farmers are eschewing the communal system in favor of selling produce they grow themselves.

On the other side of the ideological world, Britain and France are pushing to reinvent their state-owned companies by selling them to the public, while in Washington the Reagan Administration is pressing ahead with tax cuts and its war against government regulation of business.

It seems that no matter where you look nowadays, governments are turning to market mechanisms — Adam Smith's ingenious invisible hand — to pep up their economies. Economists say there is unusual agreement among capitalist and Communist countries about the importance of giving freer rein to the market: that overarching mechanism that helps articulate consumer desires, encourages inventiveness and disciplines inefficient producers.

"In remarkably different circumstances, people are learning that one can make market systems work in very useful ways," said Charles Lindblom, a Yale University political economist and author of "Politics and Markets."

Certainly the most important recent move toward the market was the historic policy change that Mikhail Gorbachev announced late last month that would transfer much of the power of Moscow's central planners to the Soviet Union's factory managers. For the first time, the managers would be allowed to negotiate with suppliers over prices, with the aim of ending production bottlenecks and making producers more sensitive to consumers.

In the view of many economists, market-oriented moves like these are significant because they could slow the growth of the developmental gap between the Communist world and the industrialized West — and perhaps even close that gap a bit.

Many of the reasons behind Mr. Gorbachev's dramatic change in policy parallel those fueling the market-oriented moves elsewhere. Capitalist and Communist countries alike have been looking for ways to reinvent their economies and avoid the kind of painful stagnation that marked much of the 1970's. They are straining as well to increase efficiency in reaction to greater worldwide competitive pressures. And they are also recognizing that central planning does not work as well once countries achieve a basic level of industrial development.

While the trend is broad-based, many economists and political scientists are questioning whether it represents a permanent shift or a mere swing of the pendulum. They wonder if Mr. Gorbachev's efforts to reform the Soviet economy will be overcome by entrenched interests and institutional inertia. And they are waiting to see if Ronald Reagan's successor will conclude that Mr. Reagan went too far in scrapping regulations and cutting the Government's role in the economy.

"I think there is something of a permanent shift, but maybe I'm just sort of hopeful," said Marvin H. Kosters, director of economic policy studies at the American Enterprise Institute, the conservative study group. "It's hard to put Humpty Dumpty together again, but not impossible."

Indeed, there are already signs of a backlash. Congress, for example, is playing with the idea of re-regulating the airlines because of poor service, while officials in London and Washington are debating whether to do more to curb insider trading and the merger boom. And in China, the Government has retreated a bit after having taken the giant step of giving market forces freer rein in industry.

The Chinese experience points to what has become one of the most hotly debated topics among economists: To what extent can Socialist and Communist countries incorporate market mechanisms into their economies — whose building blocks are central planning and state ownership — and still remain Socialist or Communist? While some economists see an inevitable tension, others think the Communist and Socialist models are sufficiently flexible to co-exist with a market system. Introducing some elements of the market system is not the same thing as embracing

capitalism, they say. But the introduction of greater economic freedoms in Communist countries could well lead to demands from the citizenry for greater political freedoms, as well.

In any event, the market-oriented moves by many Communist nations represent a turning point, economists say, because they are a tacit admission that the Stalinist model of centralized planning has failed.

"What Gorbachev is saying is that the old revolutionary centralism has ended up in a nightmare, that it has paralyzed initiative," said Tony Benn, a Member of Parliament and one of the Labor Party's most respected and outspoken figures. "I think he's right."

"One thing awfully clear is that complex industrial societies can't be run by central planners," said Robert Heilbroner, an economist at the New School of Social Research in New York. "They have to be run by some looser mechanism, by something with feedback."

Conservative economists in capitalist countries, especially in the United States, have made a similar critique of government regulation. They have contended that regulations — of airlines, trucking, labor relations and the environment — were too inflexible, interfered with market forces and usually got in the way of economic growth.

It was these economists who helped plant the ideological seeds for the new emphasis on market forces.

The shift began in earnest with the elections of Margaret Thatcher in 1979 and Ronald Reagan a year later. By now, the trend has been felt almost everywhere.

There have been privatizations in Italy and the Ivory Coast. In Vietnam, the Government is encouraging privately owned small business, while in Hungary, the Government offers venture capital to local entrepreneurs. Indeed, Hungary now boasts a small but thriving privately owned software industry thanks to inventive engineers who are trying to take advantage of the West's computer boom.

If there is any one factor that explains the global embrace of the market system, it is the increasing competitiveness of world trade, economists say.

"This means you can no longer afford all those inefficiencies," said C.

gown so complex that central planners just cannot master them.

When a country is underdeveloped or decimated by war, for example, it is not hard for central planners to conclude that steel mills are needed and to determine which technology is best for making steel. But when that country wants to make computers, say, decision-making becomes more complicated. Myriad manufacturing processes are involved, and technologies and market conditions change rapidly. Central planners may not be up to the task of managing such projects.

"When you get to the stage of hav-



Adam Smith

ing developed most of your basic industries and you want to adapt to the new technologies available in the capitalist world," said Professor Hanson, "then the capacity of a centralized system to monitor these changes and to respond and produce new technologies quickly is rather weak."

The end of the Stalin era and the beginning of glasnost — Mr. Gorbachev's policy of openness — have enabled citizens of many Communist countries to complain more vocally, but still in a limited fashion, about shortages and the poor quality of consumer goods. This has also increased

A Market Basket of Changes

A sampling of actions and proposals designed to give market mechanisms a freer hand.

Country	Action/Proposal
Austria	Debating selling off 49 percent of many state-owned businesses.
Britain	Privatized British Telecom, Rolls-Royce and other companies valued at a total of more than \$10 billion. Deregulated the financial markets.
Bulgaria	Encouraging some privately owned service businesses, including taxis and restaurants.
China	Opened up part of the country for foreign investment. Set up freer markets in agricultural and consumer goods. Introduced bonus-pay schemes.
France	Privatized Paribas, Saint-Gobain, Société Générale and the country's largest television station. Hopes to privatize 65 companies in all. Lowered taxes and made it easier for companies to lay off workers.
Hungary	Allows privately owned service businesses and some market-oriented agricultural operations. Gives venture capital to entrepreneurs.
Japan	Talking about selling off Nippon Telegraph and Telephone.
Soviet Union	Proposed a number of far-reaching changes in economic policy. These include slashing the power of central planners, allowing enterprises to negotiate their own prices with suppliers, reducing subsidies for some basic consumer goods and pushing enterprises to make a profit. Other elements in the plan include increasing pay differentials between skilled and unskilled workers, allowing some privately owned service businesses and permitting poorly performing enterprises to go bankrupt.
United States	Reduced Government regulation of business, a move that included the deregulation of the trucking and airline industries. Cut personal and corporate tax rates.
Vietnam	Experimenting with private ownership of some retail and service businesses. Encouraging some foreign investment.

Fred Bergsten, director of the Washington-based Institute for International Economics. The spectacular rise of South Korea and other Pacific rim countries from backward economies to industrial dynamism helps explain much of that increased competitiveness. The import of their success has not been lost on Communist planners.

"It's well known in Eastern Europe that their share of the Western market for manufactures has been eroded by the newly industrialized countries," said Philip Hanson, professor of Soviet economics at Birmingham University in England. "They see evidence of superior development" by those countries.

Economists cite another reason for the push to market mechanisms: State planning often worked well in the early stages of developing industry or rebuilding from war, but now economies and technologies have

pressures on government officials to revamp their economies.

A rather different set of factors has motivated the West. For 30 years following the end of World War II, an unusual degree of cooperation between government and business helped create prosperity and economic security in the United States and Western Europe. The United States, for example, used government incentives, such as the G.I. Bill, to build housing, while Europe created a welfare state.

But when growth slowed in the 1970's, conservatives blamed government's broad role for stifling initiative and taxing away incentives.

"We created a welfare state through active government participation," said Juergen Donges, vice president of the Institute of World Economics in Kiel, West Germany. "But then we found you can't maintain a welfare state unless your economy is producing productivity gains."

If it isn't, you can't finance your welfare state. Politicians started thinking that they had to use the market more to reach their productivity goals."

Because the world economy has become so interdependent, a market-oriented move by one industrial democracy to increase productivity sends more ripples than ever before into other countries. When the United States, for example, slashed tax rates in 1981, its European trading partners felt the pressure to follow suit to avoid a brain drain and an exodus of business.

This interdependence has also placed new pressures on nationalized companies in the West. State-owned industries in Britain, France and elsewhere have usually failed to expand beyond national boundaries, while many private companies see such expansion as essential for achieving economies of scale, weathering downturns in individual countries and dealing with currency fluctuations.

Lionel Zinsou, a French Socialist economist and author of a book on nationalized industry, said this factor helped create a climate for privatization. "We saw that one of the disadvantages for nationalized companies was that it was hard to expand on an international scale," Mr. Zinsou said. "We also saw that privatization often makes it easier for companies to obtain more capital to grow."

Mr. Zinsou, who has often served as an economic consultant to African nations, said that many of those developing countries are taking market-oriented steps, including privatization, not only because of pressure from the World Bank but also to increase efficiency and to encourage their wealthiest citizens to invest their money at home rather than abroad.

Many economists emphasize that just because the Soviet Union and China are invoking more market forces than ever before, that does not mean they are embracing capitalism.

"In the Soviet Union," said Mr. Hewitt of Brookings, "even a broad range of people pushing for radical reform have no desire of becoming like the United States, with its home-les problem and 6 to 7 percent unemployment." He added that, while the Soviet moves involve less interference in the day-to-day running of the economy, the Kremlin had no intention "to let go of control over investment."

Michael W. Osborne, an economist who monitors China at the Organization for Economic Cooperation and Development in Paris, took a similar view toward China. "It's a mistake to say that the Chinese have abandoned socialism," he said, noting that Beijing is sticking to such tenets as contempt for extreme wealth and the importance of a relatively equal distribution of income.

"I don't think their reforms will lead them to Wall Street," he said. "I do think it will lead them to modify the primitive Communist system set up under the influence of Stalinism. These systems are evolving the way capitalism is evolving."

But some economists say that when countries move away from centrally administered economies, they open the door to more and more questions about how far they should go to maximize benefits stemming from the market, such as how to best encourage innovation and competitive pressures. And that raises the key question of whether the markets can coexist with communism and socialism.

Mr. Lindblom of Yale thinks they can. "What is appealing to many of these countries is not private enterprise or socialism, but a thing called the market system which can be built in under capitalist or Socialist auspices," he said.

But Professor Hanson of Birmingham University sees things differently. "I think there isn't much alternative," he said. "You either have a centrally administered system of resource allocation or a market system, despite some academic speculation about third systems. It's very hard to have anything else."

If the Communist world's openings to the market create pressures to move further toward capitalism, they can also produce pressures to do the opposite. Government officials can grow angry that they are losing too much of their power and patronage through decentralized decision-making. The public can also rise to protest higher prices or rising inequities in income.

Some economists say these pressures could easily result in a pendulum swing back that curbs some market experiments.

And many economists say there could be a similar pendulum swing in the West.

They see a widespread feeling among Americans that Washington should be playing a more vigorous role in the economy. And one of the same goals that inspired a more modest role — making the nation more competitive — is behind this latest push.

"The people feel there is a tremendous lack of support for public infrastructure and education and the Government should do more about this to make the economy more competitive," said Professor Heilbroner. "My guess is we'll enter a period of reassertion of the Government's presence in the economy to try to establish a new momentum."

The Economy

WEEK IN BUSINESS

A Dizzying Array Of Economic Data

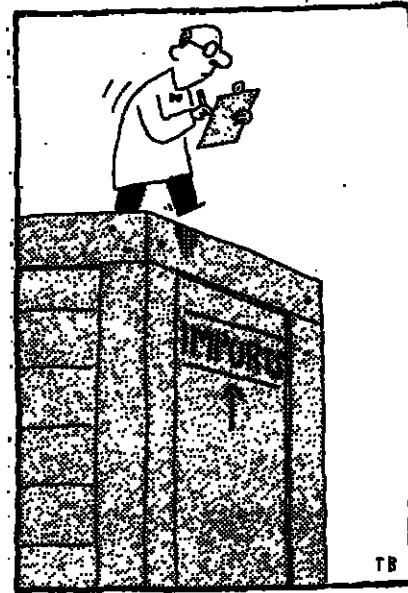
The trade deficit widened in May to \$14.4 billion, from \$13.3 billion, as imports, led by oil, hit a record. Many economists had expected the trade gap to decrease a bit or stay nearly even, and the figures disturbed them, because it indicated that exports are not getting the chance to catch up. The dollar, which has started to fall from its lofty heights, had an effect as well, and if it continues to drop, the dollar value of imported goods will rise, and that could further widen the gap. ... Business inventories jumped seven-tenths of 1 percent in May, to a record, as consumers bought fewer cars and less furniture. ... Retail sales rose just four-tenths of 1 percent in June. ... Housing starts fell seven-tenths of 1 percent in June, much less than recent drops. ... Factory production rose two-tenths of 1 percent in June, and factories operated at 79.7 percent of capacity in June, unchanged from May but up a bit from a year ago.

What does it all mean? You might think the latest numbers are enough to make any economist pessimistic. Give economists a good factory number, and they'll predict the comeback of American manufacturing. Give them a bad trade number, and they'll bemoan the continuing doldrums of American manufacturing. The reality is that each number does not stand alone, and must be placed in the context of the other numbers. When it's all added up, the sum is an economy that is neither in danger of recession nor likely to race ahead. Even with the new slew of statistics, few economists have revised their predictions that the economy will grow around 3 percent for the whole year.

The bond market mirrored trading in the dollar, with bond prices dropping sharply. Stocks, however, continued to rise, despite the gloom elsewhere. The Dow Jones industrials topped 2,500 for the first time, finishing the week at 2,510.04, up 54.05.

Robert Holmes à Court wants at least 15 percent of Texaco stock, and analysts are beginning to question that his intentions are for investment purposes only, as his filings claim. Mr. Holmes à Court, the Australian financier, has been slowly building his stake in Texaco. The big oil company has been weakened by its Chapter 11 filing, made after a court judgment that it pay Pennzoil \$10.53 billion, and many analysts believe it is undervalued and vulnerable.

Japan has been contrite in the wake of the Washington's anger over Toshiba's sale of sensitive equipment to the Soviet Union. Prime Minister Yasuhiro Nakasone has called the sale a betrayal of Japan, and Japan has agreed to consider criminal prosecution of the Toshiba unit involved. In addition, after meeting with angry Commerce officials, Japan agreed to install much stricter controls on exports of sensitive equipment, basing



Tom Bloom

them on United States models. Japan apparently is truly embarrassed by the actions of one of its major companies, and is doing what it believes is right and honorable by taking such strong actions.

Kohlberg, Kravis bid \$2.03 billion for Jim Walter, a builder of low-cost homes, in a surprise bid. But analysts say the bid probably will have to go up before Walter will acquiesce. Kohlberg, Kravis has amassed a \$5 billion war chest to make bids such as this, and it probably can pay more.

Dennis B. Levine cannot account for \$412,000 of the funds he made illegally from an insider trading scheme. Mr. Levine says \$200,000 of that is gambling losses he incurred on numerous vacations to the Bahamas.

The profits are rolling in. A.T.&T. rose 41.3 percent, to \$596 million, on the strength of long-distance revenues. ITT soared 65 percent, to \$264 million. ... Apple jumped 66 percent. ... Philip Morris rose 26.3 percent. ... Shearson Lehman raised 1.7 percent. ... Coke rose 18.1 percent, despite a \$25 million charge for its Columbia Pictures bomb, "Ishtar." Separately, it said it would buy back up to 40 million of its shares.

On the downside, I.B.M.'s net fell 9.9 percent, to \$1.18 billion despite a rise in revenues. ... Mellon Bank posted a \$566 million loss because of additions to its loan reserves, and two officers resigned. Chemical Bank lost \$1.1 billion. Chase Manhattan lost \$1.4 billion and First Chicago lost \$688.3 million, for the same reason. ... E. F. Hutton had a operating loss of \$17.3 million.

Miscellaneous. Lewis S. Ranieri, a vice chairman at Salomon, resigned unexpectedly. The firm said he was pursuing "private entrepreneurial interests," but others in the firm cited a personality clash with the chairman, John Gutfreund. ... British Airways has agreed to take over British Caledonian, one of the few privately held airlines in Europe. ... The Administration is considering ways to help steel companies close outdated plants. ... Hongkong and Shanghai Banking offered \$667 million for the 49 percent of Marine Midland Banks that it does not own.

The New York Stock Exchange

MOST ACTIVE STOCKS WEEK ENDED JULY 17, 1987				
Company	Sales	Last	Net Chg	
AT&T	28,530,700	31 1/4	+ 2 1/4	
General	11,735,400	42 1/4	+ 1/4	
WAL	10,875,500	3 1/4	+ 1/4	
IBM	9,801,900	187	—	
Texaco	9,173,800	45 1/4	+ 1/4	
USX	8,412,400	36 1/4	+ 3/4	
WalMart	8,400,500	37 1/4	+ 1/4	
PanAm	7,808,700	5	- 1/4	
GenTel	6,800,800	85 1/4	+ 1/4	
MCA	6,777,800	62	+ 1/4	
A Exp	6,706,200	32 1/4	- 1/4	
RJR/NB	6,482,900	57 1/4	+ 1/4	
Coca Cl	6,250,100	47	+ 1/4	
NYS&E	6,196,100	27	- 1/4	
Zayre	5,767,500	29 1/4	- 2	

Standard & Poor's				
Company	Sales	Last	Net Chg	
400 Indust	388.3	388.6	+8.51	
20 Transp	257.5	250.0	+5.10	
40 Util	111.8	109.8	+11.8	
40 Financial	29.4	28.9	+0.11	
800 Stocks	314.5	305.4	+31.6	

Dow Jones				
Company	Sales	Last	Net Chg	
30 Indust	283.6	342.1	+54.05	
30 Transp	105.0	102.7	+10.15	
15 Util	206.4	202.4	+1.39	
85 Comb	938.4	908.4	+13.41	

The American Stock Exchange				
MOST ACTIVE STOCKS WEEK ENDED JULY 17, 1987				
Company	Sales	Last	Net Chg	
EAL	4,424,300	21 1/4	—	
Wang	2,560,500	17 1/4	+ 1/4	
Wicks	2,159,400	4 1/4	- 1/4	
GC&H	2,152,600	20 1/4	+ 1/4	
TexAir	2,149,200	34 1/4	- 1/4	
BAT	2,066,800	10 1/4	+ 1/4	
BlockE	1,793,500	6 1/4	+ 1/4	
TIE	1,454,100	5	- 1/4	
Habr	1,220,100	25 1/4	+ 1/4	
WDH	1,208,600	28 1/4	+ 3/4	

MARKET DIARY				
Advances	Declines	Unchanged	Total Issues	New Highs
1216	723	176	1,002	112
2,188	2,201	286	43	36

MARKET DIARY				
Advances	Declines	Unchanged	Total Issues	New Highs
487	339	176	1,002	112
481	345	175	1,001	94
481	345	175	1,001	94

WEEK'S MARKET AVERAGES				
High	Low	Last	Net Chg	
217.5	211.4	217.5	+4.62	
158.7	154.8	158.7	+3.28	
74.9	73.8	74.9	+0.38	
162.7	160.8	162.7	+0.66	
176.8	172.2	176.8	+3.10	

New York Stock Exchange				
Index	Last	Week	Year	
Indust	217.5	211.4	217.5	+4.62
Transp	158.7	154.8	158.7	+3.28
Util	74.9	73.8	74.9	+0.38
Finance	162.7	160.8	162.7	+0.66
Composite	176.8	172.2	176.8	+3.10

VOLUME				
4 P.M. New York Close	Last	Week	Year	To Date
Total Sales	70,418,475	1,913,528,875		
Same Per. 1986	67,664,910	1,794,388,769		

ONE OF A KIND

... and many more...

THERE MAY BE thousands of Israelis who seem perfectly normal, outgoing people who hold down responsible jobs but who bear a deep, dark secret they are unwilling to reveal even to their closest friends and family. They suffer from bulimia.

This eating disorder seems mostly to afflict younger women, especially those in professions where a good figure counts — modelling, gymnastics, acting and even belly-dancing. But bulimia — which goes back as far as the ancient Romans who gorged themselves and vomited in specially-appointed rooms — is found among women with varied backgrounds and jobs, and sometimes among men as well.

It's hard to notice a bulimic because they usually look healthy," says Dr. Elliot Berry, who is in charge of the metabolic clinic at Hadassah-University Hospital in Jerusalem's Ein Karem. "Unlike the anorexic, who starve themselves sometimes to death, the bulimic craves food and eats great amounts, but vomits it out. They are kept from becoming very thin because they eat more than they vomit out."

The eating disorder was even mentioned in the Talmud, but it is only in the past decade or so that medical awareness of bulimia has risen. Dr. Berry is convinced that the pressure on women to be shapely is partly responsible for the growing number of bulimic cases, as well as a certain faddishness related to the phenomenon.

The Hadassah clinic treats bulimics using an inter-disciplinary team approach; all patients are screened and treated by a physician, nutritionist and psychologist or psychiatrist. A survey of Israeli university students to determine the incidence of bulimia among young people will soon be launched. Dr. Berry is also in contact with the Jerusalem Municipality and the health and school authorities about detecting bulimics in the high schools. In the U.S. it has been estimated that eight to 20 per cent of college students suffer from bulimia. An organization called BASH (Bulimics and Anorexics Self-Help) now operates in the U.S. However, Dr. Berry believes that here, with proper counselling in the schools, bulimia can largely be prevented altogether.

Although bulimics look well, their disorder can land them in hospital. They may suffer from tears in the esophagus, internal bleeding, potassium deficiency, hypoglycemia, menstruation and fertility problems. They may even develop pneumonia if regurgitated food particles lodge in the lungs. Most of them suffer from

The 'secret disease'

Judy Siegel-Itzkovich



"It all began as an effort to control weight."

(Mula)

severe tooth decay as the stomach acids mixed with the vomited food destroys the enamel.

"So," says Dr. Berry, "the earlier bulimia is caught, the easier it is to treat." At Hadassah, and at some other hospitals that treat bulimics, patients are counselled on proper eating habits and their physiological symptoms are treated as well as their underlying psychological problems. Unfortunately too few medical professionals can identify bulimics. Even dentists who see a set of ruined teeth in young people may not necessarily recognize the cause. By contrast, those who suffer from anorexia are much more easily identified, as parents worry about children who are painfully thin and "starving themselves to death."

TWO YOUNG WOMEN who say they are recovered bulimics and who were treated at Hadassah are attempting to set up a self-help group for bulimics, not only to provide support but also to counter what they call the "great stigma" of bulimia. The lack of understanding in the public is such that they insisted on pseudonyms in their interview

with *The Jerusalem Post* and asked that all identifying details be omitted.

Dr. Berry explains that since the disorder has psychological underpinnings, bulimics fear that knowledge of their problem will affect their careers in the army, in their professions or in their social life.

"Ronit" was a bulimic from the age of 20, and she continued to suffer for over 10 years, believing that she was the only person in the world to have it. "During all that time," she says, "no one in my family knew about it."

It all began, she says, as an effort to control her weight. She vomited up to 20 times a day after eating huge amounts of food. "Food was at that time the most satisfying thing in my life," she recalls ironically. "I was obsessed with food. Everything in my life seemed to focus on eating." The gorging — and the vomiting — gave Ronit a great "sense of power and a feeling of superiority." She recalls: "I was in control. I had a secret."

But she gradually realized that something was very wrong with her

life, and that the disorder could endanger her health. "I began to be afraid that I would die from bulimia."

Ronit joined a local organization called Overeaters Anonymous, which has overweight members, only some of them bulimics. "It was great to talk and to have support," she notes, but she would like a group designed specifically for bulimics and not only for those who are obese. If funds and volunteers were available, she would set up a bulimia hotline, so that sufferers could call in when they felt most lonely and under pressure.

Today, Ronit eats three balanced meals a day and has not vomited for seven months. Although she wears slacks and short sleeves, she says she has become religiously observant, and that her newly-found faith has given her the support to control her appetite.

Unlike Ronit, "Elizabeth" — a bulimic for 16 years — ended up in hospital with an electrolyte (potassium) imbalance. In her case, too, her family had been "completely in the dark" about her disorder.

She recalls that as a teenager, she had a "distorted body image," thinking she was fat when she really wasn't. She dieted from a young age, and as the overeating and vomiting developed, she felt very guilty. Only today, after treatment at the metabolic unit and support from fellow bulimics, does she enjoy "guilt-free eating."

Elizabeth has been free of the gorging and vomiting disorder for eight months, and says she is recovered. But she doesn't know whether she is completely cured, or whether — like a recovered alcoholic who could trigger a binge with one drink — she might suffer a relapse.

"I take it one day at a time. There is no guarantee, but I think that I'm finished with it," says Elizabeth. "I don't have the fear of food that I had before."

Both women try to keep away from refined sugar, sensing that their bodies react to it in some way by craving more food. Elizabeth finds she can control her appetite by eating several small meals a day. "When I have a craving for food, I realize that I have to check myself out emotionally." Today she finds she has "energy I never had before, and I look forward to every new day. The most important thing is that I feel hope."

Bulimics who want treatment can call the Hadassah metabolic clinic at (02)427427 or 446927; those interested in setting up a Bulimics Anonymous group can call (02)662164 or 718744.

3rd round leader bunkered

Faldo wins Open

MUIRFIELD (AP). — Nick Faldo of England won the 116th British Open yesterday when American Paul Azinger came apart in the sand he usually plays so well.

Faldo's card for the final 18 holes showed nothing but pars. But the 71 gave him a total of 279, 5-under par for the tournament and one shot better than Azinger, who was playing in the open for the first time.

Azinger, the best sand player on the U.S. tour the last two seasons, stared longingly at the trophy during the awards ceremony on the 18th green, where the partisan crowd had cheered when his second shot rolled into a bunker.

Azinger finished tied with Rodger Davis of Australia for second. Davis had a 2-under 69 for the final round, compared with 2-over for the Americans.

Two other Americans, Payne Stewart and Ben Crenshaw, finished tied for fourth at 3-under 281. Crenshaw shot a final-round 68 and Stewart was 1-over 72.

David Frost of South Africa was next at 2-under 282, holing a par from a green-side bunker at the 16th. It was his second attempt at the shot.

Watson followed at 1-under 283. Watson's hopes of a record-tying sixth Open title evaporated with consecutive bogeys on holes 14 and 15.

American Craig Stadler finished even-par 284 with a bogey-5 on the 72nd hole.

Azinger, the leader after the second and third rounds, entered the final day 6-under par and by the turn had added two strokes to that, 8-under with one hole to go for what would have been an historic victory.

Only three times since World War II has a player won the Open on his first try. The top money-winner on the U.S. tour seemed certain to join that select group of Ben Hogan, Tony Leam and Tom Watson.

But he bogeyed three holes from 10 through 17 to fall into a tie, then failed to get a clean shot out of a bunker at 18 and took a bogey-5 for 4-under 280.



Nick Faldo of England.

(Reuter telephoto)

Faldo, who had a proven record in the open, became the first English player since Tony Jacklin in 1969 to win the Open, worth \$120,000. He also is the second British golfer to win it in three years. Scotland's Sandy Lyle taking the silver jug in 1985.

FENCING

Carmi's run

LAUSANNE (Reuter). — Yehuda Carmi's surprising run through the men's individual foil competition, the opening event of the world fencing championships here, came to an abrupt end in the semifinals.

Carmi, who finished 30th in last year's championships at Sofia, Bulgaria, caused something of an upset here by beating Hungary's Zoltan Ersek, one of the world's leading foil exponents, 10-6 in the quarter-final.

But the 27-year-old from Haifa lost to West German Matthias Behr in the semi-final and had to be content with fourth place after losing to Federico Cervi of Italy 10-5.

Behr lost in the final to compatriot Matthias Gey 10-5. Gey becomes the second West German to hold the foil title after Friedrich Wesse, who won it in 1969 and 1970.

Gey, 27, beat Ingo Weisenborn of East Germany in the quarter-final and Cervi in the semi-final before outclassing Behr, five years his senior, in the final.

Mattingly ties record

ARLINGTON, Texas (AP). — Don Mattingly of the New York Yankees tied a major-league record on Saturday night by hitting a home run in his eighth straight game.

Mattingly matched the mark set by Pittsburgh's Dale Long in 1956 when he homered off Texas's Jose Guzman to lead off the fourth inning.

Mattingly has hit 10 homers during the eight games.

Mattingly broke the American League record for home runs in consecutive games on Friday night when he hit a 2-1 pitch from Rangers' rookie Paul Killebrew into the right-field seats at

Arlington Stadium in the sixth inning of the Yankees' 8-4 victory. He had barely missed a homer in the first inning, doubling off the outfield wall about a foot (6.3 metres) from the top.

Saturday's American League Baseball games: Boston Red Sox 5, Oakland Athletics 3 (10 innings); Baltimore Orioles 11, Kansas City Royals 7; Chicago White Sox 6, Cleveland Indians 3; Detroit Tigers 10, Seattle Mariners 6; Toronto Blue Jays 7, Minnesota Twins 5; California Angels 12, Milwaukee Brewers 6; Texas Rangers 7, New York Yankees 2.

National League results: San Diego Padres 4, St. Louis Cardinals 3 (10 innings); San Francisco Giants 9, Chicago Cubs 2; Cincinnati Reds 7, New York Mets 3; Montreal Expos 3, Atlanta Braves 2; Philadelphia Phillies 4, Houston Astros 2; Pittsburgh Pirates 4, Los Angeles Dodgers 2.

All Swede clay court final

INDIANAPOLIS (APF). — The final of this year's U.S. Clay Court championships will be an all-Swedish affair between Mats Wilander and Johan Carlsson.

The last remaining non-Swede in the \$375,000 tournament which counts towards the Nabisco Grand Prix, was Argentina's Guillermo Perez-Roldan, who went out in

straight sets to Carlsson.

Top seed Wilander beat fifth-seeded Joakim Nyström, also of Sweden, 6-4, 7-5, while Carlsson beat Perez-Roldan 6-2, 6-2.

In Stuttgart, West Germany, Sunday's semi-finals at the \$231,000 Mercedes Cup Nabisco Grand Prix tennis tournament saw Miloslav Meck of Czechoslovakia over Thomas Smith, also of Czechoslovakia, 6-3, 6-3 and Jan Gunnarsson of Sweden defeated Carl-Uwe Steeb of West Germany 6-4, 7-6 (7-5).

English purchases pay off

PARIS (AFP). — England international Mark Hateley and Glenn Hoddle, signed for a total fee of £1.5 million, started repaying that hefty outlay in helping Monaco to start the new French soccer season with an impressive 3-1 win over Marseille on Saturday night.

Hateley wrapped up the points for Monaco after 66 minutes, heading the third goal when he dived in after Manuel Amoros had ended a fine run with a shot which came back off Marseille's Cameroon goalkeeper

Joseph Antoine Bell.

Monaco, enjoying the rare privilege of playing in front of a capacity 20,000 crowd at the Stade Louis II, were well led by Hoddle in midfield, although the former Tottenham man marred his debut with a 50th-minute booking.

Elsewhere, former England international Ray Wilkins helped Paris St. Germain to a 3-0 home win over Le Havre, champions Bordeaux had to come from behind twice to beat Metz 3-2 while St. Etienne, with Robert Herbin, manager during their most illustrious era, back at the helm after four years, crashed 4-0 at Lens.

Punishing losses

Israeli champions Betar Jerusalem and runners-up Bnei Yehuda absorbed punishing defeats here at the hands of top class European opponents in the Interfoto competition.

Betar were downed 4-0 by West German Bundesliga club Bochum, while Bnei Yehuda were trounced 7-1 by Danish league champions Brøndby on Saturday night.

Bnei Yehuda finished last in the four team competition, just behind Betar.

U.S. sprints to gold

ZAGREB (Reuter). — The United States won the four relay finals to lift the U.S. team past the Soviet Union in the gold-medal stakes on the last day of the World Student games yesterday.

SCOREBOARD

YOUTH BASEBALL. — Vaval Nazarov and Zvi Zagal pitched the Dora Netanyan Dodgers to a 6-1 win over the Elazar Chiefs yesterday to give the Dodgers the inaugural Israel Youth League baseball championship.

BOXING. — Lebanese Mike McCullum won the overall last night knockout former welterweight champion Donald Curry cold in the fifth round on Saturday night and

retained his World Boxing Association junior middleweight title at Las Vegas, Nevada.

The end of the fight came suddenly, a little more than a minute into the round, when McCullum followed a Curry combination with a savage left hook that put Curry flat on his back.

CYCLING. — Jean-Francois Bernard of France won the 15th stage of the Tour de France and took over the overall lead after shedding compatriot Charly Mottet for the last seven stages.

WHEN THE AFFAIR began earlier this month, it was reported by the media as something of an amusing curiosity, the story of an obscure librarian's scissoring of reading materials sent to the modest public library of the western Negev town of Netivot.

Every morning for several weeks, library director Dan Yadin Hurvitz had begun his work day routinely leafing through magazines and newspapers, excising photographs and articles that he regarded as "immoral abominations."

When the practice came to light, and protests were registered by religious and secular residents alike, the ultra-Orthodox Hurvitz was asked by reporters if he also selectively threw out books of questionable moral content.

His answer was a dry but qualified no. "Books like that we don't allow in the first place," he replied.

For the rest of the country, perhaps, the incident may have constituted little more than grist for the morning banter mill. Locally, however, as the issue has developed into political turmoil and threats of violence, it has long ceased to be anything but a laughing matter.

"What is happening in Netivot is extremely dangerous," said Religious Affairs Minister Ze'evulun Hammer on a visit to the Negev last week, warning that the rapid escalation of religious-secular tension triggered by the censorship flap could well spread to others areas of Israel.

Netivot's blue pencil



NEGEV NOTEBOOK

Bradley Burston

SIGNIFICANTLY, in a town where most residents are modern Orthodox in outlook, the group formed to fight municipal censorship is not called, as elsewhere, the Committee against Religious Coercion, but the Committee against Haredi Coercion. Committee members say privately that this is in keeping with the dominant Sephardi strain of Jewish expression in Netivot, where even "outwardly secular" residents frequent the synagogues and are well versed in tradition.

In Netivot, as in few other areas, Orthodox versus ultra-Orthodox tension has been simmering for a long time. Several years ago, at the massive annual memorial gathering for the revered Baba Sali (Rabbi Yisrael Abuhatzeira of Netivot), disciples of the Baba Baruch, the Baba Sali's reformed ex-convict son, clashed in a bloody tombstone rumble with followers of Baba Lazar, Baba Sali's reclusive grandson, and nephew of Baba Baruch.

Though the press treated the dispute with derision (the headline in *Davar* read "Battle of the Babas"), the political and financial stakes of the feud were, and remain, high. The Likud leaders who head the town council's wall-to-wall coalition owe much of their electoral pull to identification with Baba Baruch. And political power in Netivot has traditionally translated into generous municipal endowments to religious institutions, as the State Attorney's Office is now learning from a recent police investigation into some of the local coffers.

BUT THE EVENT that ultimately set the stage for the censorship explosion was a town council session last month that degenerated into a fierce debate on the make-up and hair-styling of popular singer Yardena Arazi.

Ultra-Orthodox councillors demanded that a scheduled Saturday night Arazi appearance at the local

community centre be cancelled for fear of desecration of the Sabbath. "She will do her hair, put on her make-up, and drive from Tel Aviv to Netivot, all in violation of Jewish law," said an Agudat Yisrael representative.

An implicit ultra-Orthodox threat to bring down the brittle council coalition was underscored by the actions of haredi councillor Elihu Peretz, who the previous week had disrupted a Saturday night concert of Habsreia Hativit ethnic-jazz ensemble. Switching off the microphones, Peretz told the group their performance could not be allowed because they had driven to Netivot on Shabbat. Enraged fans, both religious and secular, eventually dragged Peretz from the stage, and the concert began, an hour and a half late.

Faced with a possible haredi mutiny, council chairman Yosef Abu proposed a compromise whereby Arazi would appear two hours after the end of the Sabbath. "We have no desire to cause Yarden to commit a sin," Abu told the council. But deputy chairman Naftali Cohen (National Religious Party) saw no reason to postpone the show. "You cannot just close down the town and forbid residents to enjoy concerts," he declared.

Community-centre chairman Yehiel Zohar supported Cohen in opposition to the ultra-Orthodox. "If you choose to follow the letter of the law to the nth degree, and turn the town council into the religious corporation, note that the Electric Corporation also works on Shabbat. So do the Mekorot water company and Israel Television. Once you start with this, there will be no stopping, no limit."

The council's haredi minority immediately exploded. "On violating the Sabbath, it is written that transgressors will be put to death," exclaimed Peretz, rejecting Abu's compromise. Peretz then quoted a halachic ruling by the Netivot haredi community's leading rabbi, Issachar Meir, prohibiting all Saturday night performances to prevent Sabbath desecration.

IN THE END, the Arazi affair was defused by re-scheduling the performance for a weeknight, but tempers had hardly cooled last week when library member Itzik Jerbi opened a copy of *Hadashot* and watched a large portion of the newspaper fall in tatters to the library floor.

A Former Hostage Speaks

JEREMY LEVIN

Television journalist, who was held for eleven months in solitary confinement in the Lebanon's Bek's Valley, will speak at

Tantur (the Ecumenical Institute), Tues. evening, July 21, 7:30 p.m. The public is invited. (Tantur is on top of the hill at the corner of the Hebron road and the road to Gilo. It may be reached by Egged bus 30 or Arab bus 22 or 23).

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The share market seemed yesterday to recover from the jitters that attacked it last Thursday. The main reason was no doubt the decision by Tehiya to play along for the moment and not bring down the government through a no-confidence motion.

If the market now regains its upward momentum, the long list of new share issues waiting to go ahead will be able to move forward. If that happens, the likelihood is that most of them will be structured as tender offers, as the new fashion has it. We have commented in the past regarding the drawbacks of tender issues to investors - and their corresponding advantages for issuing companies and underwriters.

This time, we have got some statistical evidence to chew over. Thanks are due to Yoni Kellerman, of the Euroteam consultancy firm, who did the spade work and produced the accompanying table. The conclusions, we want to draw are our own. The table contains details of the fate of eight new issues made from late March to late May, all by the tender method. It will be recalled that the share market boom continued until almost the end of April, after which came two weeks of sharp falls, followed by a spotty recovery into early June, after which waves of drops sent the market to a low on July 1.

The fact that the table is based on what happened to the new issues until the end of June inevitably shows poor results, so that this is not the main message. When the whole market is in a tailspin, one cannot expect better than average results, and indeed, only one of the companies showed a rise at the end of the period under review (since July 1 prices have recovered in many cases, although not yet fully).

The main point we wish to make is contained in the last two columns, which show the percentage change in the price as of June 30, compared

Tender losses



issues in a vulnerable position, and when a market downturn comes they pay the price. Had they paid the

minimum price asked in the tender, or something close to it, they would have been much better off. In short, their eagerness, or possibly greed, is exploited by the issuers and the underwriters, to their ultimate discomfort.

It may be noted, though, that the minimum tender price is probably deliberately set artificially low, since it is expected to be comfortably surpassed (although bad timing, as in the Assuta issue in late June, can

result in the issue only just attracting bids at the minimum price).

Thus, if these issues had been made on a regular, fixed-price format, the issuing price would probably have been set above the minimum that was used in the tender, but certainly well below the final price that the tender attracted.

These conclusions are, of course, tentative. A larger sample, taken over a longer time span, might lead to other results. But there does seem to be enough evidence to suggest that, when faced with tender offers, investors should control themselves and not get carried away in the prices they are prepared to bid.

first to the minimum price at which the tender offer was conducted, and then compared to the final, or actual, price, which was fixed according to the bids received in the tender.

On the basis of the minimum price, four out of eight issues showed a rise, even after the falls of May and June, so that the average of all the price changes was a net gain of 4 per cent. Not much, but still good in a terrible market.

However, on the basis of the final price, only one issue gained ground, and the average loss was a hefty 19.25 per cent. The clincher is provided by another set of comparative figures, not included in the table below, in which Euroteam calculated the drop in the free share index from the date of each issue until June 30.

In seven out of eight cases, the movement in the price of the new issue, from the date of issue took place until June 30, is more positive than the movement of the index of free shares - if the minimum tender price is used as the basis of comparison.

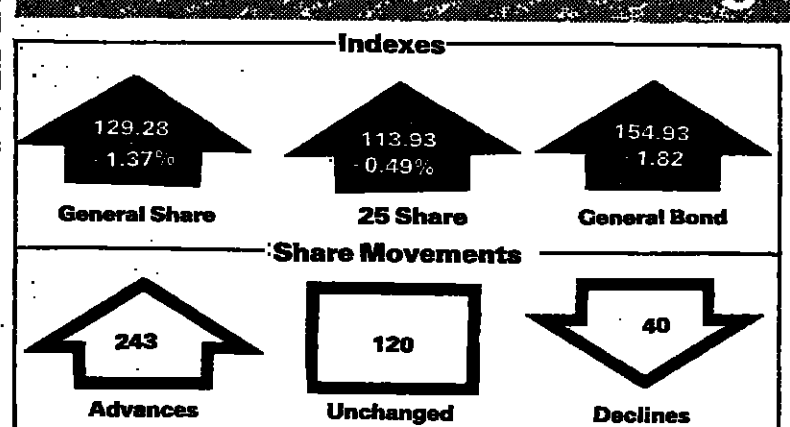
But if the final tender price is used (as it should be, because that's what happened in reality), we find five out of eight issues fell by greater margins than the share market as a whole in the same period, one performed equally badly, and two outperformed the market, one by actually rising and one by falling less.

The conclusion would therefore seem to be that tender offers result in a higher price being paid than would otherwise be the case - especially when the market is going strong and the demand for shares is great. This leaves the purchasers of these new

Company Name	Date of Issue	Minimum Price	Final Price	Price on 30/6	% change versus min. price; final pr.
Jerus Econ. Corp.	26/3	NIS 33	NIS 59	NIS 42.8	+30
Emek	8/4	NIS 2.2	NIS 3.1	NIS 1.5	-32
Meir Ezra	8/4	NIS 28	NIS 37	NIS 27.78	-25
Golan	7/5	570%	600%	729%	+28
Mishael	18/5	NIS 65	NIS 86	NIS 75	+15
Paz Chan	26/5	560%	594%	501%	-11
Adgar	29/5	NIS 7.5	NIS 8.75	NIS 7.01	-7

N.B. The prices in the table refer to "units" of shares and warrants, or convertibles and warrants, as relevant, or to shares on the basis of percentage of nominal value, where an issue consisted only of shares. Three of these eight companies were making their initial public offerings, of which two went to the "parallel list" - the first companies to be so registered, and one went to the main list.

Tel Aviv Stock Exchange



Selected Prices

Name	Price	Vol.	% Change
Commercial Banks			
Bank Leumi	171.00	1	-
Bank Hapoalim	171.00	1	-
Bank Mizrahi	171.00	1	-
Bank Eretz	171.00	1	-
Bank Leumi	171.00	1	-
Bank Hapoalim	171.00	1	-
Bank Mizrahi	171.00	1	-
Bank Eretz	171.00	1	-
Bank Leumi	171.00	1	-
Bank Hapoalim	171.00	1	-
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Bank Leumi	171.00	1	-
Bank Hapoalim	171.00	1	-
Bank Mizrahi	171.00	1	-
Bank Eretz	171.00	1	-
Bank Leumi	171.00	1	-
Bank Hapoalim	171.00	1	-
Bank Mizrahi	171.00	1	-
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Bank Mizrahi	171.00	1	-
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Bank Leumi	171.00	1	-
Bank Hapoalim	171.00	1	-
Bank Mizrahi	171.00	1	-
Bank Eretz	171.00	1	-

